

LTC Cash Voucher Scheme: Frequently Asked Questions (FAQs)

Question 1	What is the LTC Cash Voucher Scheme ('the Scheme') about?
Answer	In the backdrop of COVID-19 pandemic, there has been a disruption in the transportation and hospitality sectors. As a result, employees have been unable to avail the tax exemption for Leave Travel Allowance (LTA) during the current year. The Government has taken cognizance of this fact and has accordingly rolled out the Scheme for Central Government and Non-Central Government employees, including the Private Sector. The Scheme facilitates the employees to claim tax exemption on specified expenses (subject to the satisfaction of certain conditions) on behalf of LTA/LTC, even without actual travel.
Question 2	What are the conditions to be met to avail the exemption?
Answer	<ul style="list-style-type: none"> Employee should have allocated part of his/her salary for Leave Travel Allowance (LTA) during Flexi Salary Declaration. An employee needs to spend a sum equal to three times of the value of the deemed LTC fare on purchase of goods and services which attract a GST rate of not less than 12%, from GST registered vendors/ service providers, on or after October 12, 2020. The payment for the expenses should be made through digital mode (online payment, cheque/ DD/ Banker's Cheque) The maximum amount of exemption available per eligible family member is INR 36,000 (deemed LTC fare)
Question 3	Where does the amount have to be spent?
Answer	The amount must be spent on the purchase of such items and/or availing of such services which attract a GST rate of not less than 12% from GST registered vendors and/or service providers. The payment must be through digital mode and invoice indicating the GST number and the amount of GST paid should be obtained.
Question 4	What is the cut-off date by which expense claim should be submitted?
Answer	The cut-off date to submit the expense claim is March 12, 2021.
Question 5	Is the employee required to take leave to avail the Scheme or undertake any travel?
Answer	The employee is not required to take leave or undertake any travel for this purpose.
Question 6	Who are considered as eligible Family Members?
Answer	Family members consist of the employee's spouse, children, dependent parents, dependent brothers, and dependent sisters.
Question 7	What is the amount of exemption available?
Answer	The amount of exemption available is 1/3rd of the amount spent on purchase of eligible goods/services, subject to a maximum of INR 36,000 per eligible family member or LTA eligibility as per flexi salary declaration, whichever is lower.

Question 8	What would happen if the amount spent on eligible goods/services is less than three times of the value of the deemed LTC fare?
Answer	<p>If the amount spent is less than three times of the deemed LTC fare on specified expenditure during the specified period, proportionate tax exemption (i.e., 1/3rd of the amount spent) would be available.</p> <p>For example: Eligible family member: 4 Deemed LTC Fare: INR 36,000 x 4 = Rs. 144,000 Amount to be Spent: INR 144,000 x 3 = Rs. 4,32,000</p> <p>If an employee spends INR 4,32,000 or above on specified expenditure, s/he shall be entitled for full tax exemption of INR 1,44,000 subject to LTA eligibility as per flexi salary declaration of the employee. However, if the employee spends INR 1,80,000 only, then he shall be entitled for proportionate exemption of INR 60,000 (i.e. 1/3rd of INR 180,000) only which is again subject to LTA eligibility as per the flexi salary declaration made by the employee.</p>
Question 9	Should GST amount be considered while calculating the total amount spent for the purpose of exemption?
Answer	Yes, the GST amount paid on the purchase of eligible goods/services can be considered for the purpose of calculating the total amount spent on eligible expenditure.
Question 10	If the employee has availed LTA in 2019. What is the eligibility position for the scheme?
Answer	This scheme is for the LTA block of 2018-21. Normally, a block contains two LTA exemption during the period of four years. If the employee has availed exemption for one LTA during the current block of four years and the other one is remaining, the same can be utilized for this purpose. In case employee has already availed LTA tax exemption twice during the current block of four years, then the employee is not eligible to claim tax exemption under the scheme.
Question 11	Can I submit multiple invoices for expenditure incurred at different times/ towards different goods and services through multiple vendors?
Answer	Multiple bills for the purchase of one or more goods/services made during the specified period (October 12, 2020 to March 31, 2021) from one or more vendor can be submitted for the purpose of tax exemption under the Scheme. Claim will be processed and paid in the March 2021 payroll.
Question 12	Is it mandatory to submit original bill/invoice?
Answer	Employees have the option to submit self-attested copy of the invoices in case they want to retain the original copy of the invoice for their future reference. However, the company may require the employee to produce original bill/invoice later for verification purpose, if required.
Question 13	What are the documents required to be submitted to claim the benefit under the scheme?
Answer	<p>The employee needs to submit:</p> <ul style="list-style-type: none"> • Printout of the LTA Claim Form from Payroll Portal • Original or Self-attested copy of the bills/invoices • LTC Cash Voucher Scheme Declaration Form

Question 14	Can the employee use the credit card of any eligible family member?
Answer	Yes, payment for purchase of goods and services can be done by using the credit card of an eligible family member. Refer to Question 6 for definition of eligible family members.
Question 15	Can the invoice be in the name of family members who are eligible for LTC Scheme?
Answer	The invoices of the goods and services purchased may be in the name of spouse or any other family member who are eligible for LTC scheme. Refer to Question 6 for definition of eligible family members.
Question 16	For the purpose of tax exemption under the Scheme, is it allowed to do purchase from e-commerce platforms?
Answer	Purchase of goods/services from e-commerce platform (for example Amazon, Flipkart, etc.) is also permissible provided the relevant invoice / details are submitted.
Question 17	Can I purchase goods/services on loan/EMI under this scheme?
Answer	Purchases of goods/services on loan/EMI are permissible for the purpose of tax exemption under the Scheme. The purchase should have been affected on or after October 12, 2020 and the employee should have the relevant invoice.
Question 18	What are the acceptable modes of payment to claim exemption under this scheme?
Answer	<p>Payment can be made via any of the following modes to claim exemption under the Scheme</p> <ul style="list-style-type: none"> ➤ Credit /Debit Card; ➤ Net Banking (NEFT /RTGS /IMPS); ➤ UPI (Unified Payment Interface); ➤ BHIM (Bharat Interface for Money) Aadhar Pay; ➤ Account Payee Cheque; ➤ Account Payee Bank Draft; ➤ E wallets like Paytm, Amazon Pay, etc.
Question 19	Will payment of premium of already existing insurance policies be covered under this scheme?
Answer	Payment of premium of existing insurance policies does not qualify for tax exemption under the Scheme. However, payment of premium for insurance policies purchased on or after October 12, 2020 is eligible for tax exemption under the Scheme if tax exemption has not been claimed for such premium under Section 80C.
Question 20	If the employee has opted for tax computation under the New Tax Regime; can s/he avail the tax exemption benefit under the scheme?
Answer	In case the employee has opted for the New Tax Regime, the Scheme shall not be applicable.
Question 21	Employee has purchased certain items after October 12, 2020 but before formally exercising the option for LTA in Flexi Salary Declaration. Can it be considered for tax exemption?
Answer	Eligible purchases on or after October 12, 2020 will be considered for tax exemption under the Scheme, irrespective of when employee allocated money towards LTA in Flexi Salary Declaration.

Question 22	Employee has received a discount of INR 5,000 on purchase of eligible goods/services worth INR 40,000. The invoice value is INR 40,000, however, the actual payment made by him/her after availing discount is INR 35,000, which is reflecting in the credit card statement. Which amount (INR 40,000 or INR 35,000) should be considered as expenditure for claiming the tax exemption under the scheme?
Answer	Net amount paid after discount (i.e., INR 35,000) would be considered for claiming the tax exemption under the Scheme.
Question 23	Can broadband/telephone bills which are reimbursed by the employer be used for claiming tax exemption under the Scheme?
Answer	Broadband/telephone bills which are reimbursed by the employer cannot be used to claim tax exemption under the scheme because the amount is not actually spent by the employee
Question 24	Can the employees claim deduction for goods/services which are purchased before March 31, 2021, but the payment is made after March 31, 2021?
Answer	Employees should try to ensure that the payment is made during the period October 12, 2020 to March 31, 2021. However, in exceptional cases if the invoice is before March 31, 2021 and the payment is to be made after March 31, 2021, the expense may be considered if the same is paid via permissible mode of payment.
Question 25	Can the employees claim tax exemption for goods/services purchased and paid before March 31, 2021, but the delivery of the goods/services is received after March 31, 2021?
Answer	Employee can claim tax exemption for goods/services purchased and paid via permissible mode of payment before March 31, 2021 even if the delivery is received subsequently. However, if the payment is made merely for the purposes of claiming benefit under LTC cash voucher scheme and thereafter order was cancelled, it will not qualify for tax exemption under the Scheme.
Question 26	Can payment made for premium of health insurance policy be eligible under this scheme?
Answer	Premium paid for existing health insurance policy will not be eligible under the scheme. However, payment for premium for new health insurance policies purchased during the period October 12, 2020 and March 31, 2021 are eligible for tax exemption under the scheme if tax exemption has not been claimed for such premium under Section 80D.
Question 27	Can employee claim simultaneous benefit under Section 80C/80D and under the LTC scheme for premium paid for life insurance/ Mediclaim
Answer	No, the employee cannot claim simultaneous benefits under the LTC scheme and under Section 80C/80D for premium paid for life insurance/mediclaim. If the employee has claimed benefit under LTC scheme, benefit cannot be claimed under Section 80C/80D and vice versa.
Question 28	If I have already utilized the LTA tax exemption by undertaking two journeys in the current block of 2018-2021, am I still eligible for tax exemption under the Scheme?
Answer	An employee is eligible to avail maximum two LTA exemption in the block of 4 years (2018-2021). Since you have already claimed LTA exemption two times during the current block of 4 years, you are not eligible to claim this exemption.

Question 29	Considering the question above, what if I have claimed LTA exemption for only one journey or not claimed LTA exemption so far in the current block of four years?
Answer	In case there is one or more unutilized LTA claim in the current block of four years (2018 – 2021), you are eligible to claim tax exemption under the scheme.
Question 30	Whether all employees are eligible to claim Leave Travel Concession?
Answer	<p>No, deemed LTC tax exemption scheme is not applicable for those who have</p> <ul style="list-style-type: none"> ➤ opted for payment of tax under the new concessional tax regime under section 115BAC. ➤ not allocated a portion of their salary for LTA claim under flexi salary declaration. ➤ already claimed LTA exemption twice in the current block of four years. ➤ already claimed LTA during FY 2020-21 for travel undertaken during the year.
Question 31	Whether amount claimed by me will be fully exempted from tax?
Answer	<p>Least of below three will be the exemption amount</p> <ol style="list-style-type: none"> 1) LTA eligibility (basis flexi salary declaration made by you on payroll portal) 2) INR 36,000 per eligible family member 3) 1/3rd of the eligible purchase value
Question 32	Do I need to submit any proof of digital payment along with the claim form?
Answer	No, you do not have to submit proof of digital payment. However, we will require a declaration from you stating you have paid for the goods/services through digital mode.
Question 33	I purchased eligible goods and I am paying for that in monthly instalments (EMIs). Am I eligible to claim tax amount for full invoice value of the goods purchased if some of the EMIs are due after March 31, 2021?
Answer	Yes, you can claim tax exemption for full amount paid/payable for goods/services purchased, even if some of the EMIs are due for payment after March 31, 2021. Tax exemption is available basis purchase of goods/services. You are eligible to claim tax exemption if goods/services were purchased within the scheme period (October 12, 2020 – March 31, 2021) and date of invoice falls within this period.
Question 34	What happens in case there are multiple line items in an invoice with different tax rates some with 12% or more and some with less than 12%?
Answer	You can submit such an invoice for claiming tax exemption against deemed LTC. However, purchase value of only those goods/services will be considered for tax exemption which attracts GST of 12% or more.
Question 35	What is the last date for submission of LTA/Deemed LTC claim? Will I be able to submit claim for purchase made after the last date of claim submission?
Answer	Last date for Flexi Salary Claim Submission for FY 2020-21 is March 12, 2021. Due to administrative reasons, we will not be able to extend the claim submission beyond this date. Therefore, you will not be able to submit claim for purchases made after this date.
