

SALARY AND TAX RELATED INFORMATION

**Date: April 01, 2014
Version: 2.2**

**For any Information or Clarifications
please feel free to Contact
Payroll-heldesk.india@yash.com**

**In case of escalations, please send to
payroll_offshore@yash.com**

Tax Rates



TAXABLE INCOME SLAB	TAX RATES
Up to Rs. 2,50,000	NIL
Rs.2,50,001 to Rs.5,00,000	10% of (Total Income - Rs.2,50,000) *
5,00,001 to Rs. 10,00,000	Rs.25,000+ 20% of (Total Income - 5,00,000)*
Above Rs.10,00,000	Rs.1,25,000 + 30% of (Total Income - Rs.10,00,000) *

Notes:

- * 2% of Income tax is levied as Education Cess.
- * 1% of Income Tax is levied as Secondary & Higher Education Cess.
- * 10% of Income tax is levied as Surcharge where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees

This is the amount which is used as a base amount in the Income tax for various purposes e.g. Employer's PF contribution up to 12% of Basic salary is exempt from tax, Rent paid minus 10% of Basic salary is one of the criteria for HRA exemption U/s 10 (13A) of the Income tax Act etc. The Basic Salary is treated as a taxable income for all employees.

- **Employee's Contribution:** This is forming part of CTC; this contribution is forming part of Investment under section 80C (Please refer below) of the Income tax Act.
- **Employer's Contribution:** This is again forming part of Total CTC, calculated @ 12% of Basic salary. This is not part of salary.

Documents Required:	No documents are required as this is deducted and deposited by the employer himself.
----------------------------	---

House Rent Allowance



- This deduction falls under section 10(13A) of the Income tax Act, 1961 and Rule 2A of the Income tax Rules 1962. The deduction is subject to LEAST of the following:-
 - A. Rent Paid - 10% of Basic salary
 - B. 40% of Basic Salary
 - C. Actual Amount received as House Rent Allowance. (As per pay slip/CTC)

The lowest will become tax-free and rest, if any shall be taxable.

- **Exemption is not available where an employee lives in own house, or in a house for which he does not pay any rent.**

House Rent Allowance



Documents Required:

- For House Rent payments, Rent receipts are required.
- According to the CBDT circular, if an employee submits Rent Receipt for more than Rs.8333 p.m., then he also needs to submit Photocopy of Landlord's PAN Number as well. In case of unavailability of Landlord's PAN, employee is required to get a self-attested declaration from him (landlord), with his complete name and address. The landlord needs to identify himself by attaching valid identification proofs (Copy of Driving license, Copy of Passport, Copy of Voter ID Card etc.), and has to specify that he does not hold a PAN card.
- If you are not able to submit either Photocopy of landlord PAN No. or Declaration of landlord with Valid Identification proof then we will not consider your HRA more than Rs.8333 p.m.

Children Education Allowance



- A sum of Rs.100/- per child per month up to 2 children is exempt from tax.
- Please note that a person who does not have any eligible children and the CTC does indicate this amount, the same will be paid and the same shall be treated as taxable income.
- Tuition fess is covered U/s 80C which is in detailed subsequently in the documents. Play school fees payment is not valid document for claiming exemption U/s 80C.

Documents Required:

1. Photocopy of fees paid to School/ college for Rs.100/- per month.

Children Hostel Allowance



- A sum of Rs.300/- per child per month up to 2 children is exempt from tax.
- Please note that a person who does not have any eligible children and the CTC does indicate this amount, the same will be paid and the same shall be treated as taxable income.

Documents Required:

**Photocopy of Receipt of payment
made for Hostel fees.**

- This is subject to a maximum of Rs.1500/- Per month is exempt from tax.
- Please note that a person who does not Opt for the Food Coupons Scheme, the same will be paid and the same shall be treated as taxable income.

Transport Allowance



Transport allowance granted for commuting between place of residence and place of duty of Rs.800 per month is exempt under Rule 2BB(10)

Documents Required:

No Documents required for claiming

exemption



This will include expense on medicine, hospitalization and doctor's fees. However, cosmetics etc. will not be allowed. Tax department can disallow any bills it does not find appropriate. The maximum amount, which is exempt, is Rs.15,000/- P.A.

Documents Required

Original Medical Bills need to be submitted for claiming Tax exemptions

- Incentive & Special Allowance component are taxable component.



Leave Travel allowance is exempt U/s 10(5), For details you can also refer general guidelines related to LTA or you can also refer the below link :-

http://www.incometaxindia.gov.in/_layouts/15/dit/Pages/viewer.aspx?grp=Rule&cname=CMSID&cval=103120000000006903&k=&IsDlg=0

Only 2 journeys in a block of 4 Years are exempt.

Exemption on the aforesaid basis is available in respect of 2 journeys performed in a block of Four calendar years. The different block are:

- 2002-2005 (i.e., January 1, 2002 to December 31,2005);
- 2006-2009 (i.e., January 1, 2006 to December 31,2009);
- 2010-2013 (i.e., January 1, 2010 to December 31,2013);
- 2014-2017 (i.e., January 1, 2014 to December 31,2017);**Current Block**

Deductions Under section 80



- This section is introduced w.e.f. AY 2006-2007. Now everyone is eligible to get tax advantage on his eligible investments. The limit under this section is Rs.1,50,000.(Rupees One Lakh Fifty Thousand Only)
- This is irrespective of how much you earn and under which tax bracket you fall. Also, there are no sub-limits under this overall Rs.1,50,000 amount and this is simply deducted out of your taxable income.
- If one desires, one can invest the entire amount in any one or more of the eligible investments. The choice is entire up to you as how you want to reach this limit.

Investments that fall under Section 80C

- Life Insurance Premium For individual, policy must be in self or spouse's or any child's name. Insurance premium cannot exceed the maximum ceiling given below :-

Particulars	Policy on the life of a person with disability or severe disability or on the life of a person suffering from disease or ailment as given in section 80 DDB	Policy on the life any other person
If policy is issued before April 1, 2012	20% of sum assured	20% of sum assured
If Policy is issued during 2012-13	10% of sum assured	10% of sum assured
If policy is issued on or after April 1, 2013	15% of sum assured	10% of sum assured

Investments that fall under Section 80C



- Contribution made under Employee's Provident Fund Scheme.
- Contribution to PPF For individual, can be in the name of self/spouse, any child & for HUF, it can be in the name of any member of the family. **There is no maximum ceiling under the Income Tax Act. However, under the provision of PPF Scheme, the maximum contribution is Rs.1,50,000.**
- Subscription to any notified savings certificate, Unit Linked Savings certificates. e.g. NSC VIII issue.
- Contribution to Unit Linked Insurance Plan of LIC Mutual Fund.
- Contribution to notified deposit scheme/Pension fund set up by the National Housing Scheme.

Investments that fall under Section 80C



- Certain payment made by way of installment or part payment of loan taken for purchase/construction of residential house property.
- Condition has been laid that in case the property is transferred before the expiry of 5 years from the end of the financial year in which possession of such property is obtained by him, the aggregate amount of deduction of income so allowed for various years shall be liable to tax in that year.
- Contribution to notified annuity Plan of LIC(e.g. Jeevan Dhara and Jeevan Akshay) or Units of UTI/notified Mutual Fund. If in respect of such contribution, deduction u/s 80CCC has been availed of rebate u/s 88 would not be allowable.
- Subscription to units of a Mutual Fund notified u/s 10(23D).

Investments that fall under Section 80C



- Subscription to deposit scheme of a public sector, company engaged in providing housing finance.
- Subscription to equity shares/ debentures forming part of any approved eligible issue of capital made by a public company or public financial institutions.
- Tuition fees paid at the time of admission or otherwise to any school, college, university or other educational institution situated within India for the purpose of full time education of any two children.

- This section provides a deduction to an individual for any amount paid or deposited by him in any annuity plan of Life Insurance Corporation of India or any other insurer.
- The maximum amount deductible under section 80CCC is Rs.150000.

U/s 80 CCD (National Pension Scheme)



- This section provides a deduction to an individual for any amount paid or deposited by him in his account under a pension scheme notified by the central government annuity plan of Life Insurance Corporation of India or any other insurer.(NPS)
- No deduction available in respect of employee's contribution which is in excess of 10% of salary of the employee.
- The amount standing to the credit of the assessee in the pension account, for which a deduction has already been claimed and accretions to such account, shall be taxed as income in the year in which such amounts are received by the assessee (or his nominee) on closure of the account or his opting out of the said scheme or on receipt of pension from the annuity plan. If however, the amount of pension received from the pension account is used for purchasing an annuity plan in the same previous year, then it will be exempt from tax.
- Salary for the purpose includes Basic Salary and dearness allowance, if the terms of employment so provided but excludes all other allowances and perquisites.
- However, the aggregate deduction under sections 80C, 80CCC and 80CCD cannot exceed Rs.1, 50,000. (Rupees One Lakh fifty thousand Only).

The deduction for investment in Infrastructure Bond is not available for FY 2013-14 as well as for FY 2014-15.



U/s 80 CCG (Rajiv Gandhi Equity Saving Scheme)



- The Rajiv Gandhi Equity Savings Scheme (RGESS) provides tax benefits under [Section 80CCG](#) for new equity investors in specified instruments.
- In order to invest in the scheme, one has to open a new [RGESS](#) designated demat account or designate for this purpose his existing demat account, where no trading has taken place.
- The eligible securities include [stocks](#) listed on the BSE-100, CNX 100 indices, Maharatna, Navratna or Miniratna PSU companies, IPOs of PSUs with an annual turnover of more than Rs 4,000 crore and RGESS-compliant mutual fund ETFs.
- [Tax benefit](#) is available to investors if their annual income is less than Rs 12 lakh. The deduction is 50% of the amount invested up to a maximum of Rs 25,000.

U/s 80 CCG (Rajiv Gandhi Equity Saving Scheme)



- No sale, pledge or hypothecation is allowed for one year from the date of purchase, and if violated, the tax benefits are withdrawn. In the subsequent two years, trading is allowed, subject to certain conditions.
- The benefit under Section 80CCG is available for a period of three years.

U/s 80 D (Mediclaim Policy)



To get deduction under section 80D one should satisfy the following conditions :-

- Mediclaim Insurance is paid by the employee
- Payment can also be made to the central Government Health Scheme or
- On account of preventive health check-up. (Maximum Rs.5000 for all)
- Payment should be made out of income chargeable to tax
- Payment should be made by any mode other than cash. However payment on account of preventive health check-up can be made by any mode (including cash).
- Amount Of deduction : Two type of Deductions are available to Individuals under this section :-
 1. Deduction on Medical insurance premium paid for himself, spouse, dependent children =Rs 15,000 maximum including Preventive health checkup payment up to Rs.5,000 . In case of Sr. Citizen(60 Yrs) maximum deduction allowable is Rs.20,000
 2. Additional Deduction on Medical insurance premium paid for parents ,whether dependent on assessee or not =Rs 15,000 maximum including Preventive health checkup payment up to Rs.5,000 . In case of Sr. Citizen (60 Yrs) maximum additional deduction allowable is Rs.20,000

U/s 80 D (Mediclaim Policy)



S. No.	Particulars	Family	Parents
1	For whose benefits payment can be made	For the benefit of the assessee, spouse of the assessee and dependent children of the assessee	For the benefit of parents of the assessee whether dependent or not
2	Nature of payment		
	<i>i.</i> Mediclaim insurance premium	Deduction available	Deduction available
	<i>ii.</i> Contribution made to central Government Health Scheme (from the assessment year 2011-2012 onwards)	Deduction available	-
	<i>iii.</i> Payment on account of preventive health check-up (from the assessment year 2013-2014 onwards)	Deduction available	Deduction available
3	Maximum amount of deduction		
	~General deduction (applicable in respect of <i>i,ii</i> and <i>iii</i> , given above but payment on account of preventive health check-up of self, spouse, dependent children and parents cannot exceed Rs. 5,000)	Rs. 15,000	Rs. 15,000
	~Additional deduction (applicable only in the case of mediclaim insurance premium when policy is taken on the life of a senior citizen)	Rs. 5,000	Rs. 5,000
	Maximum amount of deduction	Rs. 15,000	Rs. 15,000

U/s 80 DD (Medical Treatment/Contribution to fund for maintenance of handicapped dependant)



- Deduction in respect to any expenditure incurred for the medical treatment (including nursing), training and rehabilitation of a dependant being a person with disability.
- A fixed deduction of Rs.50,000/ will be eligible. In case of Severe disability (Disability over 80%) Rs.1,00,000/- will be available.
- Certificate issued from a government doctor (who is a physician, a surgeon, an oculist or a psychiatrist) which is issued in 2014-15 financial year. If the certificate date is before the beginning of this financial year then the exemption will not be given.
- Dependent means the spouse, children, parents, brothers and sisters of the individual.

U/s 80 DDB (Medical treatment in case of specified ailments or disease)



- Maximum deduction eligible u/s 80DDB is Actual expenses incurred or Rs.40,000 whichever is less (Rs.60,000 in case of patients above 60 yrs)
- Documents to be submitted are **Form10I** certified by the Government doctor, medical bills if expenses are incurred or Photo Copy of Policy (if Amount is contributed to fund) and a declaration from giving employee for proof of age of the patient.
- Medical Treatment should be availed for Self or Dependent
- Dependent means the spouse, children, parents, brothers and sisters of the individual.
- Specified Diseases are Dementia ; Dystonia Musculorum Deformans ; Motor Neuron Disease; Ataxia; Chorea ; Hemiballismus ; Aphasia ; Parkinsons Disease ; Malignant Cancers ; Full Blown Acquired Immunodeficiency Syndrome (AIDS) ; Chronic Renal failure ; Hematological disorders : Hemophilia ; Thalassaemia.

U/s 80 E (Interest on Education Loan)



- To get deduction U/s 80E the following conditions are to be satisfied.
- The deduction is available to an individual.
- Any amount paid by way of interest on loan taken by the individual from any financial institution or any approved charitable institution for the purpose of pursuing his higher education or for the purpose of higher education of his Spouse, Children or for student for whom the tax payer is legal guardian.
- Higher education means all fields of studies (including Vocational studies) pursued after passing the senior secondary Examination or its equivalent from any school, board or university recognized by the Central Government or State Government or Local Authority or by any other Authority authorized by the Central Government or State Government or Local Authority to do so.
- The deduction is allowed in the assessment year relevant to previous year, in which the individual starts paying the interest on the loan and continue up to seven succeeding assessment year or up to the in which individual pay the Interest in full.

U/s 80 EE (Interest on loan taken for residential house property)



- Keeping in view the first time home buyers, It is proposed to bring a new section for deduction in respect of interest on loan taken from a financial institution for a residential property.
- Sub-section (2) of the said section seeks to provide that the deduction under sub-section (1) shall not exceed one lakh rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on 1st day of April, 2014 and in a case where the interest payable for the previous year relevant to the said assessment year is less than one lakh rupees, the balance amount shall be allowed in the assessment year beginning on 1st day of April, 2015.

U/s 80 EE (Interest on loan taken for residential house property)



- Sub Section (3) provides that deduction shall be subject to the following conditions:
 - (i) the loan has been sanctioned by the financial institution during the period beginning on 1st day of April, 2013 and ending on 31st day of March, 2014;
 - (ii) the amount of loan sanctioned for acquisition of the residential house property does not exceed twenty-five lakh rupees;
 - (iii) the value of the residential house property does not exceed forty lakh rupees;
 - (iv) the assessee does not own any residential house property on the date of sanction of the loan.
- It is also provided that where a deduction under this section is allowed for any assessment year, in respect of interest referred to in sub-section (1), deduction shall not be allowed in respect of such interest under any other provisions of the Income-tax Act for the same or any other assessment year.

U/s 80 TTA (Deduction in respect of Interest on deposit in saving account)



- Interest from bank savings account is taxable, even though there is no tax deduction at source (TDS). The good news is that since 2012-13 under Section 80TTA interest up to Rs10,000 in one financial year is exempt from tax. It means that if you have an average balance of Rs2.5 lakh in your savings account during a financial year (on which most banks give interest @4% pa), the interest would be tax free.
- The section is not applicable to your Interest earning on Fixed Deposits as well as Recurring Deposits.

Tax Calendar for F.Y. 2014-15



S.No.	Particulars	Due Dates for submission
1	IT Declaration for FY 2014-15	15-May-14
2	Provisional Housing Loan Interest Certificate for the F.Y. 2014-15	15-May-14
3	House Rent Receipts, Medical Bills & Investment Documents	
	For I st Qtr	10-Oct-14
	For II nd Qtr	10-Oct-14
	For III rd Qtr	10-Jan-15
	For IV th Qtr	10-Mar-15
4	LTA (Declaration /documents)	10-Mar-15

General Comments



- For claiming exemption/rebate, one needs to produce proper documents and supporting. Please note that nothing should be taken for granted or assumed and exemption/rebate can be extended ONLY when Accounts Department receive the documents in hand. Please note that all the reimbursement i.e. Medical Reimbursement and LTA Declaration along with photocopy of travelling tickets) should be submitted in original and all the documents related to investments U/s 80C shall be submitted in photocopy.
- All Photocopies to be sent to accounts should be self attested (to be signed) by the employee. In no case unsigned copy shall be accounted and entertained. Therefore, to avoid any inconvenience and last minute hassle, one has to ensure to sign each and every document sent to accounts. Moreover, the accounts persons might ask for original copy, if required and the person need to present the same without any questions.
- The exemption will be provided upon submission of proper Bills / vouchers/ Invoice/ receipts etc . as the case may be and subject to eligibility as per provisions of the Income tax Act, 1961.

General Comments



- The above rules are subject to change by the Government from time to time. Though budget comes out periodically, yet the Income tax department issues notification from time to time. Moreover, decision of various high courts / Supreme Court also governs the practice of granting any particular exemption/ rebate and binding in nature. We shall certainly inform you if there is any major change due to this factor.
- Please note that all the above mentioned items may not be applicable to all employees; as the applicability relates to grade and individual compensation package. Employees should refer to their individual Salary/CTC letters to know their compensation break up and eligibility.
- In case of any discrepancies in components Management reserves all rights to amend the components.
- The information contained herewith is not to be construed as a legal or accounting advice, these are general laws and the applicability will depend upon the individuals overall investments/family income etc. This information is not a substitute for employee seeking advice from their own tax consultant.

Thank You!

Email: info@yash.com

Web: www.yash.com

© YASH Technologies, 1996-2013. All rights reserved.

The information in this document is based on certain assumptions and as such is subject to change. No part of this document may be reproduced, stored or transmitted in any form or by any means, electronic or mechanical, for any purpose, without the express written permission of YASH Technologies Inc. This document makes reference to trademarks that may be owned by others. The use of such trademarks herein is not as assertion of ownership of such trademarks by YASH and is not intended to represent or imply the existence of an association between YASH and the lawful owners of such trademarks.