

Guidelines on Investment Declaration

For F.Y. 2015-16 relevant to A.Y. 2016-17

The document covers broad level guidelines for claiming various deductions/exemptions and process of declaration /updating in system. These do not cover each and every aspect of law. Do refer to latest amendments, conditions and compliance requirements for respective sections.

Finance Bill 2015 is yet to be passed, and various proposals in this year budget will come into effect post completion of Budget process, which may or may not have some changes in proposals.

CBDT will be coming up with the requirements of evidence /documentary proof from employees before allowing any deductions/exemptions while estimating withholding tax (TDS) on salaries. Employees will be required to comply with these rules & manner as prescribed by CBDT wherever these are notified.

Investment Guidelines:

Investments for the Current Financial Year are required to be declared under the Investment Declaration option under the Main Menu of myAscentPayroll.

Section 1, 2, 3 and 4 of the documents cover broad provisions of law under the various head of income and Deductions /Exemptions available and requirements to avail benefit under various sections.

Section 5 covers the investment declaration process in the myAscent Payroll.

1 Exemptions/ Deductions under the head Salaries**1.1 Medical Reimbursement: {u/s 17 (2)}**

1. Under Medical reimbursement, there is a tax exemption of Rs 15,000/- for a financial year. For claiming medical reimbursement, employees need to submit the original medical bills for employee, spouse, children, and dependent parents.
2. The reimbursements include doctor's consultation fees, hospitalisation, medical bills & dental care bills.
3. Bills for spectacles and cosmetic bills cannot be considered under Medical Reimbursement.
4. Actual expenditure incurred by employer on medical treatment of the employee or any member of the Family of such employee outside India. The expenditure incurred by the employer on travel and stay abroad on the patient and one attendant is also exempt from tax subject to the condition that
 - a. the expenditure on medical treatment and stay abroad will be exempt only to the extent permitted by the Reserve Bank of India,
 - b. the expenditure on travel is exempt only in the case of an employee whose gross total income does not exceed Rs.2 lacs p.a.

1.2 Leave Travel Allowance/ Assistance: {u/s 10(5)}

The employee gets tax benefit up to the amount for which LTA declaration has been submitted subject to;

1. LTA can be claimed twice in the block of 4 years. The current block of 4 years covers period of 1st January 2014 till December 31, 2017.
2. The employee claiming for LTA should be on leave during that period.
3. Travels bills across India (No Foreign Trip) for family. (As per section 10(5) Family means Spouse/children/parents/brothers/sisters, who are dependent on the employee)
4. Deduction would be actual amount 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 economy 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 and the journey is performed by other mode of transport other than by air, an amount not exceeding the air-conditioned first class rail by shortest route to the place of destination.
 - 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.
 - i. 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.

- ii. 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.

5. The employee claiming LTA benefit under Income tax are required to submit the supporting documents/Boarding pass, if travel by Air.

1.3 Children Education Allowance: {u/s 10(14)}

1. The Employee gets a Tax benefit of Rs 100 per child /month up to a maximum of two children. Annually this amounts to Rs 2,400/-
2. To get tax benefit, employee needs to declare number of dependent children.

1.4 Child Hostel Allowance: {u/s 10(14)}

1. The Employee gets a Tax benefit of Rs 300 per child/month up to a maximum of two children. Annually this amounts to Rs 7,200/-
2. To get tax benefit for this amount employee needs to submit Child's hostel bills.

1.5 House Rent Allowance: {u/s 10(13A)}

As per Income Tax Law: Least of the following is exempt:

1. The actual HRA received in the salary component.
2. Rent paid in excess of 10% of basic salary.
3. 40% of basic salary (since Pune is non metro city as per Income Tax Law).

To get tax benefit for HRA employee needs to submit the Rent agreement / Original Rent receipts for all the months. The rent receipts should contain the following details:

- (i) Employee name
- (ii) Rent paid, in figures and words
- (iii) Period for which the rent is paid
- (iv) Landlord name & signature
- (v) Revenue stamp only if the payment is made in cash
- (vi) Landlord PAN is required, if rent paid is more than Rs.1 Lac

2 Deductions under Chapter VI A:

2.1 Section 80 G: Donations

An employee making any donation under 80G will get a tax exemption as below:

1. Donation/s paid during the year is eligible for deduction against the donation receipt in employee's name with eligibility under section 80G,
2. Certificate issued by Income-tax authorities to the organization receiving the donation stating that their 80G exemption is valid.
3. All donations are not eligible for tax benefit. Tax benefit can be claimed only on specific donations i.e. those made to prescribed funds and institutions.

4. If donation is deducted from salary of the employee and the donation receipt & certificate is on the name of employer: Employees can claim deduction u/s. 80G.
5. Eligible deduction is allowed as per the Income Tax Law in force

2.2 Section 80D : Medical Insurance Premium/ Expenditure

Tax deduction under section 80D qualifies for medical insurance policies. The premium, which is paid for medical insurance policy for self and family members to protect them from sudden medical expenses, comes under this section.

To get tax benefit the Employee needs to submit the Medical Insurance Premium receipts:

Mediclaime Premium on the Health of	Limit
(a) Self, Spouse, Dependent Children & Parents	Rs. 25,000
(b) If Parents are Senior citizen (i.e. age ≥ 60 years)	Rs. 30,000
(c) Medical expenditure on parents being very senior citizens (i.e. age ≥ 80 years)	Rs. 30,000

Maximum Deduction under 80D is Rs. 55,000

2.3 Section 80DDB : Medical treatment of specified ailment

Deductions of expenses on medical treatment of specified ailments (such as AIDS, cancer and neurological diseases) can be claimed under Section 80DDB as under subject to fulfilment of certain conditions mentioned in the Income Tax Law:

Mediclaime expenses of specified ailment of	Limit
(a) Self, Spouse, Dependent Children & Parents	Rs. 40,000
(b) If the person treated is a Senior citizen (i.e. age ≥ 60 years)	Rs. 60,000
(c) If the person treated is a very senior citizens (i.e. age ≥ 80 years)	Rs. 80,000

Maximum Deduction under 80DDB is Rs. 80,000

2.4 Section 80 U: Deduction in case of a Person with Disability

An employee suffering from Permanent Physical disability (Including Blindness) can claim tax deduction under Section 80 U.

Every employee claiming a deduction under this section has to furnish a copy of the certificate issued by the medical authority stating the percentage of disability in respect of the assessment year for which the deduction is claimed.

Severity Percentage	Deduction Claim amount
If disability is more than 40%	Rs. 75,000
If disability is more than 80%	Rs. 1,25,000

2.5 Section 80 E: In respect of interest on loan taken for Higher Education

The interest paid on loan taken for pursuing higher education of self or any dependent is qualified as a deduction under section 80E. An education loan can be taken for wife, children and minors for whom tax payer is the legal guardian. This deduction is applicable for a period of 8 years or till the interest is paid, whichever is earlier.

The employee has to submit the Provisional certificate from the Bank which states the total interest to be paid during the financial year under consideration.

The following things should be taken care of:

1. The loan was taken for the purpose of pursuing higher education.
2. The course should be full-time for any graduate or post-graduate Degree / Diploma.
3. The loan should be taken from any bank, an approved charitable institution or a financial institution notified by the Government.

2.6 Investments under Section 80C/80CCC/80CCD .

Maximum limit to claim under section 80C/80CCC/80CCD(1) is Rs 1, 50,000/-
Additional 50,000 under 80CCD(1B) need clarity. and that will be updated post clarity and passing of Finance Bill.

At the end of the financial year, employee have to provide the bills / proof of your investment in any of the below mentioned schemes / plans / insurance etc.

Some of Instruments under Section and sub-section of 80C eligible for deduction are:

- National Saving Certificates
- Equity Linked Savings Schemes (ELSS)
- Life Insurance Policies
- National Pension Scheme (NPS).
- Unit Linked Insurance Plan (ULIP)
- Sukanya Samriddhi Yojna
- Contribution to EPF / GPF
- Public Provident Fund (PPF)
- Interest accrued in respect of NSC VIII issue
- Tuition Fees including admission fees or college fees paid for full time education of any two children of the assessee.
- Repayment of Housing Loan (Principal)
- Stamp Duty and Registration Charges for a home
- Senior Citizens Savings Scheme 2004
- Post Office Time Deposit Account

3 Deductions from house property in respect of interest : {u/s 24(b)}Self occupied:

1. The employee can claim the interest he/she is paying towards the housing loan taken after (01.04.1999) up to Rs 2,00,000/- towards Interest on Housing loan. This limit is inclusive of the pre-acquisition / construction period interest.
2. For that employee have to provide the Provisional Certificate from bank stating the Interest
3. If there is a Co-Borrower, the declaration from co-borrower is required
4. Where the house property has been acquired or constructed after availing a housing loan, the interest, if any, payable on such loan for the period prior to the financial year in which the property has been acquired or constructed, shall be deducted in 5 equal instalments starting from the financial year in which the house property is acquired or constructed.

Let Out :

1. If the employee has more than one house property then only one property of his / her choice shall be self-occupied, the other shall be deemed to be Let-out.
2. Employee has to submit the necessary documents as described similar to the case of self occupied including rental income.

4. Income from Other Sources (Dividends, Interests, Capital Gains etc):


1. If an Employee has an additional Income other than his / her normal Salary then he / she can declare the additional Income under Income from Other Sources.
2. Additional TDS will be deducted against the additional income declared by the employee.

5. Flow Chart for Actual Investment Declaration - myAscentPayroll

Following are the steps to be followed enabling Actual Investment Declaration in myAscentPayroll.

Investment Declarations:

When Employee accesses this Menu, the header will be shown as **New Actual Declaration** instead of **New Estimated Declaration**. Here employee can now submit only one Actual declaration of their Investments. See the note given below in the screen shot.

Investment Declaration(Actual)				
New Actual Declaration				Cancel
Declaration No	Type	Submitted On	Uploaded On	
1	Estimated	03/08/2009		
 Submission of estimated Investment declaration is stopped. Now, we are requesting ONE LAST DECLARATION of actual Investment along with the proofs for this financial year.				

Click on **New Actual Declarations**, a form similar to below will appear. Carefully enter the actual investment declaration and then click on Submit button.

The below screen will appear once employee click on New Actual Declaration. Employee can declare his/her actual investments under Section 10, Chapter VI-A & Other Income.

Under Section 10 – employee can get the Tax Exemption for Salary components refer point (1) mentioned above:

- Medical Reimbursement
- Leave Travel Assistance
- Child Education Allowance
- Child Hostel Allowance
- House Rent Allowance

Under Chapter VI-A Employee can get the Tax Deduction for (section 80) refer point (2) mentioned above:

- Section 80G
- Section 80D
- Section 80U
- Section 80DDB
- Section 80E
- Section 80C/80CCC/80CCD

Other Income cover Tax deduction for Interest on Housing, Letout Property & Income from Other Sources

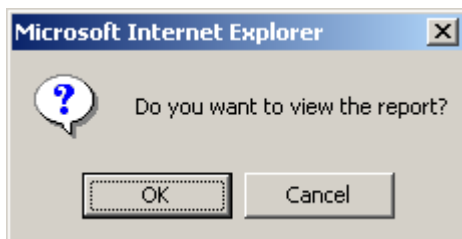
Description		Estimated
Section 10		
a. <u>Medical Reimbursement</u>		15000
b. <u>Leave Travel Assistance</u>		23456
c. <u>Child Education Allowance</u>		0
d. <u>Child Hostel Allowance</u>		0
Chapter VI-A		
a. <u>Section 80 G</u>		0
b. <u>Section 80 D (Mediclaime)</u>		0
c. <u>Section 80 U (Handicapped)</u>		0
d. <u>Section 80 DD (Hand.Depnt.)</u>		9888
e. <u>Section 80 E (Education Loan)</u>		0
f. <u>Section 80CCF (Infra. Bonds)</u>		0
g. <u>Total 80C (a-h) + 80CCC (i) + 80CCD (j)</u>		25000
a. <u>Provident Fund</u>	0	
b. <u>Life Insurance Premium</u>	25000	
c. <u>Public Provident Fund</u>	0	
d. <u>N.S.C. & Interest</u>	0	
e. <u>Housing Loan Principal</u>	0	
f. <u>Children Education</u>	0	
g. <u>Infra.Bonds/ULIP/MFs</u>	0	
h. <u>Others</u>	0	
i. <u>Section 80CCC</u>	0	
j. <u>Section 80CCD</u>		

Other Income	
a. Self Occupied (Interest on Housing Loan)	<input type="text" value="0"/>
b. Letout Property (Enter -ve amounts for loss)	<input type="text" value="0"/>
c. Income from Other Sources(Dividends,Interests,Capital Gains,etc.)	<input type="text" value="0"/>

House Rent Paid / Payable directly by you	
Non-Metro	Non-Metro
April <input type="text" value="0"/>	October <input type="text" value="0"/>
May <input type="text" value="0"/>	November <input type="text" value="0"/>
June <input type="text" value="0"/>	December <input type="text" value="0"/>
July <input type="text" value="0"/>	January <input type="text" value="0"/>
August <input type="text" value="0"/>	February <input type="text" value="0"/>
September <input type="text" value="0"/>	March <input type="text" value="0"/>

Rental property details	
Landlord name	<input type="text"/>
Address	<input type="text"/>
	<input type="text"/>

Message similar to the screen shot below will appear. Click **OK** button to view the report.



Declaration Form - Actual Investments

Employee 1002-RRR GGG	Declaration No. 2
F.Y. 2009-10	Declaration Dt. 03/08/2009

Section 10

a. Medical Reimbursement	12,000
b. Leave Travel Assistance	24,000

Chapter VI-A

a. Section 80 D (Mediclaime)		15,000	
b. Section 80 U (Handicapped)		0	
c. Section 80 DD (Hand.Depnt.)		0	
d. Section 80 E (Education Loan)		0	
e. Total 80C (a-h) + 80CCC (i) + 80CCD (j) (Exemption limit Rs 100,000/-)		80,200	
a. Provident Fund	13,200	f. Children Education	0
b. Life Insurance Premium	25,000	g. Infra.Bonds/ULIP/MFs	20,000
c. Public Provident Fund	12,000	h. Others	0
d. N.S.C. & Interest	0	i. Section 80CCC	0
e. Housing Loan Principal	10,000	j. Section 80CCD	

Other Income

a. Self Occupied(Interest on Housing Loan)	150,000
b. Letout Property (-ve amounts for loss)	0
c. Income from other sources (Dividends,Interests,Capital Gains,etc.)	0

Other Income

a. Self Occupied(Interest on Housing Loan)	150,000
b. Letout Property (-ve amounts for loss)	0
c. Income from other sources (Dividends,Interests,Capital Gains,etc.)	0

House Rent Paid / Payable

	Metro	Non-Metro		Metro	Non-Metro
April	5,000	0	October	5,000	0
May	5,000	0	November	0	4,000
June	5,000	0	December	0	4,000
July	5,000	0	January	0	4,000
August	5,000	0	February	0	4,000
September	5,000	0	March	0	4,000

Landlord Name	Test Demo
Address	abc Pune

Declaration for claiming tax benefits on housing loan:

I have only one self-occupied house property in my name and construction of the same is complete in all respects. I further confirm that I have complied with all conditions prescribed under section 24(b) and section 80C of Income Tax-Act for claiming the above deduction.

I confirm that my employer has explained to me the relevant provisions of Income Tax Act for being eligible to claim the above reliefs and I have complied with all of them. If any additional tax liability arises due to deficiency in the above, I will be solely liable for the same.

Signature:

Name RRR GGG

Note: Before submitting please verify the Actual Investment Declaration, once it is submitted employee cannot make any changes in Declaration neither Payroll Team can help you to EDIT the declaration from Backend. Employee has to take printout of the Actual Investment Declaration mention Name & Signature

to the application and attached the Investment documents. Kindly drop the documents in the DROP BOX kept nearby to your location.

This Investment Guideline will help Employees to know more about the investments & tax exemption as per Income Tax law. For more update Employee can get in touch with the Tax Consultant or a Chartered Accountant as **Tieto India** will not be responsible for any discrepancy in your Income Tax.

6 Change history

Version	Date	Author	Reviewed by	Approved by	Change history
V0.1	2007-12-04	Poornima VS	Poornima VS	Poornima VS	Final Version
V0.3	2009-12-22	Ashish Mundle	Poornima VS	Poornima VS	Final Version
V0.4	2010-04-08	Ashish Mundle	Poornima VS	Poornima VS	Final Version
V1.0 Final	2011-11-15	Pushkaraj Kumar, Aliya Shaikh	Bhakti Chachad, Ranjeeta Bastia	Pranali Save, Poornima VS	Final Version
V2.0 Final	2012-12-18	Ankushe Gajanan	Poornima VS	Poornima VS	Final Version
V3.0 Final	2013-11-15	Ankushe Gajanan	Poornima VS	Poornima VS	Final Version
V4.0 Final	2015-04-01	Umesh Waghmare, Ankushe Gajanan	Bhakti Chachad, Ganesh C. Jadhav	Ashwani Batra	Final Version