

सरकार GOVERNMENT भारत OF INDIA
वित्त मंत्रालय MINISTRY OF FINANCE
राजस्व विभाग DEPARTMENT OF REVENUE

प्रधान आयुक्त का कार्यालय
OFFICE OF THE PRINCIPAL COMMISSIONER
केन्द्रीय कर एवं केन्द्रीय उत्पाद शुल्क
CENTRAL TAX & CENTRAL EXCISE
कोच्चिन, COCHIN

केन्द्रीय राजस्व भवन, CENTRAL REVENUE BUILDING

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C.NO.II/21/A-1/2017 ACCTS Dated: .11.2017

ADVANCE CALL

Sub: Deduction of Income Tax at source – Income Tax statement for the financial year 2017-18 call for – Regarding

Annual Income Tax statement for the financial year 2017-18 may please be furnished **in duplicate** in the prescribed proforma enclosed alongwith relevant documents in support of the statements so as to reach this office on or before **15.11.2017** positively. Rate of Income Tax is given below for ready reference.

The following guidelines are given for preparation of the Income Tax statement. for details, officers may please refer to the relevant provisions of Income Tax Act.

SALARY

Salary Includes;

1. Pay as defined in FR 9(21), leave salary and advance of pay.
2. Bonus
3. Dearness Allowance
4. Compensatory Allowance
5. House Rent Allowance (with provision for exemption)
6. Value of rent-free quarters.
7. Fees (recurring or non recurring) retainable by the employee.
8. Honoraria
9. Reimbursement of Tuition Fees
10. Pension
11. Subsistence Allowance
12. Interim Relief, If any
13. Overtime Allowance.
14. Government's or any other employer's contribution to the New Pension Scheme.

Salary does not include Transport Allowance upto Rs.1600/- per month and Children Education Allowance not exceeding Rs.100/- p.m per child upto a maximum of two children.

HOUSE RENT ALLOWANCE

If the employee is living in a rented house, exemption is allowed to the extent of the least of the following: -

1. The actual amount of HRA received.
2. Rent paid in excess of 10% of the salary;
3. 50% of the salary if the residence is at Mumbai, Calcutta, Delhi or Chennai, 40% of salary if the residence is situated at any other place.

If an employee lives in his own house, or in a house where he does not pay any rent/ pays rent not exceeding 10% of salary, no exemption available and the entire amount of HRA drawn by him is taxable.

INCOME FROM HOUSE PROPERTY: -

If an employee has income under any other head, viz., income from house property, dividend, interest etc. he can furnish the particulars of such income and tax deducted under source thereon to his employer in the prescribed form and the employer can compute the total tax liability taking into account such income also and deduct appropriate tax from salary.

Loss under the head "Income from House Property":- In the case of let out property, if the net income happens to be a loss, it can be set off against the income under other head. In the case of self-occupied property, interest on borrowed capital can be set off against income under any other head, subject to a maximum of Rs.30000/- or Rs 2 lakhs, as the case may be, under Section 24.

In case where the property was acquired or constructed through capital borrowed on or after 01.04.1999 and acquisition/construction completed within three years from the end of the financial year in which capital was borrowed, interest on such borrowed capital is deductible upto a maximum of RS.2 lakhs.

DEDUCTIONS

- a) Profession Tax: - Actually paid **[Section 16(i)]**
- b) Entertainment allowance received by a Govt.Servant limited to one-fifth of salary or Rs.5000/-, whichever is less **[Section 16(ii)]**
- c) (i). Life Insurance premium payment, limited to 10% of the sum assured.
 - (ii). Effect or keep in force a contract for deferred annuity
 - (iii). Contribution to Provident Fund (does not include repayment of advance/loans)
 - (iv). Contribution to approved superannuation fund.
 - (v). Subscription to any such security/deposit scheme of the Central Govt.
 - (vi). Subscription to any such savings certificate as the Govt. may specify.
 - (vii). Contribution to Unit Linked Insurance Plan
 - (viii). Subscription to units of any mutual fund.
 - (ix). Contribution to any Pension Fund set up by any Mutual Fund.
 - (x). Subscription to any such deposit scheme of National Housing Bank as may be notified by Central Govt.
 - (xi). Subscription to any such deposit scheme of a public sector company of any authority constituted in India which is engaged in long term financing for construction/purchase of houses for residential purposes or any authority constituted in India for purpose of planning, development, improvement of cities etc.

- (xii). Tuition fees paid limited to two children
- (xiii). Any instalment or part payment of the amount borrowed for construction/ purchase of residential property from Government/Bank/LIC/ Cooperative Bank/ Housing Board/ Development Authority etc.
- (xiv). Subscription to equity shares/debentures forming part of any 'eligible issue of capital'. **[Section 80-C]**
- d) Payment subject to a maximum of one hundred and fifty thousand rupees to keep in force any annuity plan of the LIC or any other insurer for receiving Pension from the Fund of Section should be deducted from the taxable income. **[Section 80 CCC]**
- e) Amount deposited in the New Pension Scheme subject to a maximum of 10% of salary plus additional Rs.50,000/- & Govt's or any other employees contribution to the New Pension Scheme subject to a maximum of 10% of salary. **[Section 80 CCD]**
- f) The total amount eligible under Section 80-C, 80-CCC & Sec 80-CCD(1) should not exceed Rs.1,50,000/- **[Section 80CCE]**

g) Any premium paid by any mode of payment other than cash for medical insurance subject to a maximum Rs.25,000/- or Rs.30,000/-, as the case may be. This is applicable to insurance under any scheme sponsored by the General Insurance Corporation of India or any other insurer. In addition to any premium paid for parents upto Rs.30,000/- if parents are senior/very senior citizens. Any amount paid self/family/parents in any mode including cash for preventive health check up to Rs.5000/- is also allowed within the maximum of Rs.30,000/-.

Any contribution made to the CGHS or such other schemes as may be notified by the Central Govt.

The aggregate of deduction should not be more than Rs.30,000/- **[Section 80-D]**

- h) An amount of Rs.75000/- for assesses who incur expenditure in medical treatment (including nursing), training and rehabilitation of any dependent being a person with disability and RS.1,25,000/- in the case of severe disability. **[Section 80-DD]**
- i). Special deduction of actual expenditure limited to Rs.40000/- to the patient or a dependent suffering from Cancer or AIDS involving considerable expenditure on treatment and Rs.60000/- if such a dependent is a senior citizen, i.e., who is the age of 60 years or more . This will, however, be subject to deduction of any amount received through medical insurance, if any. **[Section 80DDB]**
- j) If the assessee has taken any loan from any financial institution or charitable institution for purpose of his higher education, the amount of interest paid during the year can be deducted from the taxable income till the loan including interest is cleared or for a period of eight years whichever is earlier **[Section 80-E]**

k) Any donation for charitable purposes paid by any mode other than cash for any sum exceeding Rs.2000/- **[Section 80-G]**

l) Rs.75,000/- in the case of assesses who is a person with disability and Rs.1,25,000/- if he is a person with severe disability **[Section 80-U]**

You can claim upto Rs.2 lakhs as tax deduction on the home loan interest payment. If your property is a let-out one then the entire interest amount can be claimed as tax deduction. **[Section 24(B)]**

DONATIONS

Donations for charitable purposes fall under two categories (i) those which can be taken into account by the DDO and (ii) those for which assesses can get refund only through their Annual Income Tax Return from the ITO concerned.

In respect of some donations, the entire amount can be claimed as deduction while for others only 50% of the donated amount will be taken into account. Donations which can be taken into account by the Disbursing Officer.

1.	Jawaharlal Nehru Memorial Fund	Fifty percent of the total donation to be deducted from the taxable income
2.	Prime Minister's Draught Relief Fund	
3.		
4.	Indira Gandhi Memorial Trust	
5.	Rajiv Gandhi Foundation	
6.	National Defence Fund	Whole amount of donation to be deducted from the taxable income
7.	Prime Minister's National Relief Fund	
8.	Prime Minister's Armenia Earthquake Relief Fund	
9.	Africa (Public Contributions - India) Fund	
10.	National Foundation for Communal Harmony	
11.	A University or any Educational Institution of National Eminence as may be approved by the prescribed authority in this behalf.	
12.	National Blood Transfusion Council or any State Blood Transfusion Council, having its sole object to the control, supervision, regulation or encouragement in India of the services related to operation and requirements of blood banks.	
13.	The Army Central Welfare Fund or the Indian Naval Benevolent Fund or the Air Force Central Welfare Fund established by the Armed Forces of the Union.	
14.	The Andhra Pradesh Chief Minister's Cyclone Relief Fund	
15.	The National Illness Assistance Fund	
16.	The Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund in respect of any state or Union Territory, as the case may be.	
17.	The National Sports Fund	
18.	The National Culture Fund	
19.	The Fund of Technology Development and Application	
20.	The National Trust for Welfare of persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities.	
	National Children's Fund	
	Swachh Bharat Kosh	
	Clean Ganga Fund	
	National Fund for Control of Drug Abuse	

In respect of any other donations to approved institutions/ charitable trusts under Section 80G, the employees have to claim refund from ITO.

The taxable income is thus arrived at after allowing deductions to the permissible extent for items (a) to (l). This should be rounded off to the nearest multiple of ten rupees, ignoring the fraction which is less than five rupee and increasing the fraction of five rupees or more to the next higher amount which is a multiple of ten.

[Section 288-A]

On the total taxable income arrived at the Income Tax is worked out on the basis of the tariff current for the year and rounded off to the nearest rupee.
[Section 288-B]

INCOME TAX RATES (Assessment Year 2018-2019 – Financial Year 2017-18)

	Rate of Income Tax Taxable Income
Upto Rs.2.5lakhs	Nil
Rs.2,50,001 to Rs.5, 00,000	5% of income exceeding Rs.2.5Lakhs
Rs,5,00,001 to Rs. 10,00,000	Rs.12,500 plus 20% of income exceeding Rs 5lakhs
Above Rs.10,00,000	Rs.1,12,500 plus 30% income exceeding Rs.10 Lakhs.

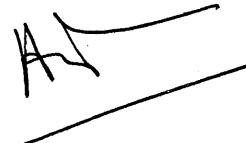
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3% on the total tax is to be paid in all cases.

Rebate of Income Tax:- Relief upto Rs.2,500 towards tax in respect of individuals having total income of upto Rs3.5 lakhs.

ALL ARE REQUESTED TO SUBMIT THE ANNUAL INCOME TAX STATEMENT **ON OR BEFORE 15.11.2017 ON ONLINE & HARD COPY IN DUPLICATE WITH SUPPORTING DOCUMENTS TO ACCOUNTS SECTION** IN THE FORMAT ENCLOSED SO THAT THE DEDUCTION WILL BE EFFECTED FROM THE SALARY FOR **11/2017** ONWARDS.

While submitting the statement, the Permanent Account Number Allotted by the IT Department may also be furnished. As Income Tax PAN is compulsory, those officers who are not in receipt of PAN should apply for the same immediately.



**[Amarnath Kesari]
JOINT. COMMISSIONER**

To

All Divisional offices under Cochin Hqrs/All sections in Hqrs office.

(Section Heads are requested to communicate the contents of the letter to the officers attached to their section please)