

D. Tours outside the State—

(i) Staff cars are not to be taken outside the State. They may be used for going on tour to Delhi/Shimla only by the Ministers, the Administrative Secretaries and the Heads of Departments.

(ii) In case it is essential for officers below the rank of Secretaries and Heads of Departments to go on tour to Delhi, they should use the mode of travel to which they are entitled. They should, however, be reimbursed taxi charges from the Bus Stand/Railway Station/Airport to the Punjab Bhavan and back and also for attending official meetings.

(iii) It has been observed that the office of the Resident Financial Commissioner at Delhi is not being adequately made use of by the various Departments of the Government for sorting out problems with the Government of India. In future, it should be ensured that the Resident Financial Commissioner or the Deputy Secretary in his office is associated with the important meetings in the Government of India and follow-up action after the meeting should generally be left to the office of the Resident Financial Commissioner. This would obviate the necessity of officers of the State Government going on tour to Delhi for follow-up action or for sorting out routine matters.

E. Ban on the purchase of Motor Vehicles by the Departments of the Government—

The complete ban on the purchase of Motor Vehicles by all the Departments of the State Government except those required for the use of State Police Force imposed—*vide* circular letter No. 6/1/84-B&C(1)/4444, dated the 23rd May, 1984 shall continue in the year 1986-87. This ban will not, however, apply to the Vehicles required for the use of Governor, the Chief Minister and the other Ministers, the Speaker, the Deputy Speaker, the Leader of the opposition, the Chief Secretary, the financial Commissioners and the Administrative Secretaries to the Government.

GENERAL—

(i) Additional allotment of funds will not be made in the Revised Estimates for office expenses. The expenditure should be restricted to the Budget provision available during the year and no liability on this account should be carried forward to the next year. To ensure this all the Controlling Officers should monitor the expenditure periodically.

(ii) The expenditure on Travelling should be cut to the required extent by laying down norms of touring by various functionaries in the Department and ensuring that no liability of pending Travelling Allowance Bills in respect of journeys during the year allowed to accumulate for payment during the next year.

2. It is requested that necessary steps may be taken immediately to ensure that the instructions contained in the preceding paragraphs are implemented strictly.

(No. 5/5/86-5FB-I/6692, dated the 31st March, 1986.)

APPENDIX

(In rupees in thousands)

Sr. No.	Demand/ Appropriation	Major Head of Account	Budget Estimates 1986-87 (Non-Plan)	Salary Portion of Col. 4	Balance	10% cut on Col. 6	Balance provision available to the Department (including salaries) (Col. 4-7)
2	3	4	5	6	7	8	
1.	1—State Legislature	211—State Legislature	1,24,25	64,85	59,40	5,94	1,18,31
2.		288—Social Security and Welfare	80	..	80	8	72
3.	Staff, Household and Allowance of the Governor	212—Governor	32,02	18,05	13,97	1,40	30,62
4.	2—Council of Ministers	213—Council of Ministers	1,13,59	10,52	1,03,07	10,31	1,03,28
5.	3—Administration of Justice	214—Administration of Justice	5,67,52	5,33,84	33,68	3,37	5,64,15
6.		Ditto	85	78	7	1	84
7.		Ditto	1,14,16	1,09,12	5,04	50	1,13,66
8.		Ditto	15,81	14,60	1,21	12	15,69
9.		Ditto	27,08	18,87	8,21	82	26,26
10.		288—Social Security and Welfare	67	..	67	7	60
11.		Ditto	9,17	7,57	1,60	16	9,01
12.	4—Elections	215—Elections	56,70	30,13	26,57	2,66	54,04
13.	5—Revenue	229—Land Revenue	8,13,75	7,62,23	51,52	5,15	8,08,60
14.		230—Stamps and Registration	50,21	4,62	45,59	4,55	45,66
15.		252—Secretariat General Services	1,42,40	1,21,41	20,99	2,09	1,40,31
16.		289—Relief on Account of Natural Calamities	6,00,00	2,52	5,97,48	59,74	5,40,26
17.		296—Secretariat Economic Services	42,19	36,46	5,73	57	41,62
18.	6—Excise and Taxation	239—State Excise	2,62,47	1,39,01	1,23,46	12,35	2,5,12

(In rupee's in thousands)

1	2	3	4	5	6	7	8
19.		240—Sales Tax	4,17,95	3,89,89	23,06	2,81	4,15,14
20.		245—Other Taxes and Duties on Commodities and Services	75,44	15,06	60,38	6,04	69,40
21.	7—Finance	247—Other Fiscal Services	93,37	4,27	89,10	8,91	84,46
22.		252—Secretariat General Services	9,14	6,15	2,99	30	8,84
23.		254—Treasuries and Accounts Administration	3,03,75	2,86,11	17,64	1,76	3,01,99
24.		265—Other Administration Services	27,32,17	25,10,35	2,21,82	22,18	27,09,99
25.		266—Pension and other Retirement benefits	34,61,38	34,61,38	34,61,38
26.		268—Miscellaneous General Service	33,88,84	..	33,88,84	3,38,88	30,49,96
27.		288—Social Security and Welfare	1,50,00	..	1,50,00	15,00	1,35,00
28.		304—Other General Economics Services	7,67	6,03	1,64	16	7,51
29.	8—Public Service Commission	251—Public Service Commission	18,20	15,38	2,82	28	17,92
30.		251—Subordinate Service Selection Board	20,54	15,59	4,95	49	20,05
31.	9—Civil Secretariat	252—Secretariat General Services	4,44,69	3,29,67	1,15,02	11,50	4,33,19
32.		276—Secretariat Social and Community Services	1,11,78	96,60	15,18	1,52	1,10,26
33.		296—Secretariat Economic Service	42,13	34,49	7,69	77	41,41
34.	1—District Administration	253—District Administration	8,21,84	7,41,24	80,60	8,06	8,13,78
35.	11—Police	255—Police	64,26,71	54,95,59	9,31,12	93,11	63,33,60
36.	12—Jails	256—Jails	5,62,69	2,82,13	2,80,56	28,06	5,34,63
37.	13—Stationery and Printing	258—Stationery and Printing	4,42,08	1,36,45	3,05,63	30,56	4,11,52
38.		465—Capital outlay on other Administrative Service	8,40	..	8,40	84	7,56

1	2	3	4	5	6	7	8
39.	14—Miscellaneous Services	265—Other Administrative Services	1,16,79	1,03,80	12,99	1,30	1,15,49
40.		Ditto	60,74	36,61	24,13	2,41	58,33
41.		Ditto	3,76,44	3,34,10	42,34	4,23	3,72,21
42.		Ditto	6,83	5,60	1,23	12	6,71
43.		Ditto	66,51	29,53	36,98	3,70	62,81
44.		Ditto	3,48	3,24	24	2	3,46
45.		268—Miscellaneous General Services	11,90	..	11,90	1,19	10,71
46.		Ditto	33,79	10,11	23,68	2,37	31,42
47.		295—Other Social Community Services	2,46	2,30	16	2	2,44
48.		Ditto	13,66	12,65	1,01	10	13,56
49.	15—Rehabilitation, Relief and Re-settlement	276—Secretariat Social and Community Services	14,85	12,45	2,40	24	14,61
50.		288—Social Security and Welfare, Relief and Rehabilitation of persons uprooted from war affected areas	4,11	98	13	1	1,10
51.	16—Education	277—Education	2,29,01,32	1,83,87,36	45,13,96	4,51,39	2,24,49,93
52.		278—Art and Culture	26,02	20,04	5,98	59	25,43
53.	17—Technical Education, Science and Technology	277—Education	2,70,77	78,34	1,92,43	19,24	2,51,53
54.	18—Medical and Public Health	280—Medical	55,16,26	37,67,53	17,48,73	1,74,87	53,41,39
55.		281—Family Welfare	1,02,78	99,75	3,03	30	1,02,48
56.		282—Public Health Sanitation and Water Supply	7,32,61	6,36,31	96,30	9,63	7,22,98
57.		288—Social Security and Welfare	8,00	..	8,00	80	7,20
58.	19—Housing and Urban Development	233—Housing	23,25	21,83	1,42	14	23,11
59.		284—Urban Development	2,37,79	2,10,68	27,11	2,71	2,35,08
60.		304—Other Economic Services	12,23	11,31	92	9	12,14

(In rupees in thousand)

1	2	3	4	5	6	7	
61.		504—Capital Outlay on Other Economic Services	1,200	..	1,200	1,20	10,8
62.	20—Information and Publicity	285—Information and Publicity	1,59,83	1,12,64	47,19	4,71	1,55,1
63.	21—Tourism and Cultural Affairs	278—Art and Culture	40.25	28.50	11.75	1,17	39,0
64.		339—Tourism	13.56	7.80	5,76	57	12,9
65.	22—Labour, Employment and Industrial Training	287—Labour and Employment	1,25,76	1,03,29	22,47	2,25	1,23,5
66.		Ditto	1,78,97	96,73	82,24	8,22	1,70,73
67.		Ditto	1,61	1,31	30	3	1,51
68.		Ditto	7,30,95	6,13,93	1,17,02	11,70	7,19,23
69.		288—Social Security and welfare	25,02	13,05	11,97	1,20	23,82
70.		495—Capital Outlay on Other Social and Community Services	16,04	4,50	11,54	1,15	14,89
71.	23—Social Security and Welfare	288—Social Security and welfare (Social welfare)	9,93,68	77,93	9,15,75	91,57	9,02,11
72.		288—Social Security and Welfare (Welfare of S.C. and B.C.)	7,59,82	85,29	6,74,53	67,45	6,92,37
73.		288—Social Security and Welfare (Sainik Welfare)	1,90,35	28,98	1,61,37	16,13	1,74,22
74.	24—Planning and Statistics	296—Secretariat Economic Services	21.64	16.08	5,56	56	21,08
75.		304—Other General Economic Services	1,27,19	1,13,57	13,62	136	1,25,83
76.	25—Cooperation	298—Co-operation	5,46,70	5,03,04	43,66	4,37	5,42,33
77.		498—Capital Outlay on Co-operation	25,00	..	25,00	2,50	22,50
78.	26—Agriculture	305—Agriculture	15,31,51	12,54,92	2,76,59	27,65	15,03,86
79.		Ditto	70,43	47,83	22,60	2,26	68,17

(In rupees in thousands)

1	2	3	4	5	6	7	8
80.		Ditto	51.23	46,13	5,10	51	50,72
81.		306—Minor Irrigation	76,43	43,42	33,01	3,30	73,13
82.	27—Soil and Water Conservation	307—Soil and Water Conservation	2,61,58	2,34,20	27,38	2,74	2,51,84
83.	28—Food	308—Social Security and Welfare	2,54,63	2,03,73	50,90	5,09	2,49,54
84.		509—Capital Outlay on Food	6,29,99,00	6,29,70,96	28,04	2,80	6,29,96,20
85.	29—Animal Husbandry	310—Animal Husbandry	11,20,53	8,68,56	2,51,97	25,20	10,95,33
86.	30—Dairy Development	311—Dairy Development	43,13	38,57	4,56	45	42,68
87.	31—Fisheries	312—Fisheries	42,83	35,55	7,28	72	42,11
88.	32—Forests	313—Forests	2,95,17	1,93,03	1,02,14	10,21	2,84,96
89.	33—Community Development	277—Education	67,00	23,04	43,96	4,40	62,60
90.		305—Agriculture	9,33	7,70	1,63	16	9,17
91.		314—Community Development	5,46,98	4,82,97	64,01	6,40	5,40,58
92.		363—Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	10,53,15	..	10,53,15	1,05,31	9,47,84
93.	34—Industries	257—Supplies and Disposals	17,24	14,57	2,67	27	16,97
94.		304—Other Economic Services	24,60	22,48	2,12	21	24,39
95.		320—Industries	4,22	3,75	47	5	4,17
96.		321—Village and Small Industries	4,24,08	3,02,58	1,21,50	12,15	4,11,93
97.		328—Mines and Minerals	22,88	16,99	5,89	59	22,29
98.	35—Civil Aviation	336—Civil Aviation	54,24	8,20	46,04	4,60	49,64
99.	36—Road and Bridges	337—Roads and Bridges	26,88,50	..	26,88,50	2,68,85	24,19,65
100.	37—Road Transport	241—Taxes on Vehicles	56,79	42,29	14,50	1,45	55,34

(In rupees in thousands)

1	2	3	4	5	6	7	8
101.		338—Road and Water Transport Services	75,87,61	18,88,67	56,98,94	5,69,89	70,17,72
102.	38—Multipurpose River Projects	332—Multipurpose River Projects (Unit 6—8)	8,62,46	5,98,65	2,63,81	26,31	8,36,08
103.		332—Multipurpose River Projects (BBMB Portion)	4,69,71	2,00,66	2,69,05	..	4,69,71
104.	39—Irrigation, Drainage and Flood Control	306—Minor Irrigation	28,49,74	9,17	28,40,57	2,84,06	25,65,68
105.		331—Water and Power Development Services	1,49,35	1,20,77	28,58	2,86	1,46,49
106.		333—Irrigation, Navigation, Drainage and Flood Control	31,20,52	11,22,00	19,98,52	1,99,85	29,20,67
107.	40—Buildings	259—Public Works	32,13,82	18,52,43	13,61,39	1,36,14	30,77,68
108.		277—Education	17,80	..	17,80	1,78	16,02
109.		280—Medical	18,51	..	18,51	1,85	16,66
110.		282—Public Health, Sanitation and Water Supply	15,38,31	10,98,05	4,40,26	44,03	14,94,28
111.		283—Housing	7,66	..	7,66	77	6,89
112.		305—Agriculture	1,68	..	1,68	17	1,519
113.		310—Animal Husbandry	1,18	..	1,18	12	1,0
114.		459—Capital Outlay on Public Works	17,72	13,95	3,77	38	17,34

No cut imposed on account of it being inter-state Project.

CHAPTER 20

MISCELLANEOUS

20.46.—Advances from the Contingency Fund of Punjab.

Attention is invited to that subject cited above. Applications for advance from the Punjab Contingency Fund should here after be forwarded to the Department of Finance, through the Administrative Department concerned, in quadruplicate, in the form at Appendix.

2. The date on which the advance is drawn from the Treasury should promptly be communicated to the Department of Finance. (The Budget Branch and the Expenditure Branch concerned)

(No. 3/1/84/4-B & C/85/5063, dated 2-4-85)

APPENDIX

Application for Advance from the Punjab Contingency Fund

1. Brief particulars of the additional expenditure involved _____
2. The circumstances in which provision could not be included in the Budget. _____
3. Why is its postponement not possible ? _____
4. The amount required to be advanced from the Fund, with full cost of the proposal for the year. _____
5. The grant or appropriation and the Major/Minor/Sub-Head of Account to which the expenditure will be debited, indicating the extent to which the existing budget provision has been utilised. _____
6. Will the expenditure be Plan or Non-Plan/Revenue or Capital/Voted or charged ? _____
7. If the expenditure is part of the Plan, has the concurrence of the Department of Planning been obtained ? A copy of the advice of the Department of Planning may be appended. _____
8. The treasury from which, and the date by which, the amount will be drawn _____

9. If the expenditure is for the satisfaction of a judgment, decree or award of a Court or arbitrel tribunal, the following particulars may be given: —

(a) Date of institution of proceedings

(b) Date of order of the Court/Tribunal(Copy of the order should be appended)

(c) Date by which the expenditure is to be incurred according to the order of the Court/Tribunal

(d) Has the possibility of filling an appeal, review petition etc. against, and seeking a stay of, the order of the Court/Tribunal been considered in consultation with the competent Law Officer? particulars may be given

(e) Reasons for not making a provision in the Budget in accordance with circular No. 1/13/4 B & C/85/1430, dated the 29th January, 1985 issued by the Department of Finance.

10. An other information considered relevant by the Administrative Department.

Dated Chandigarh,
the _____

Secretary to the Government of
Punjab, Department of _____

20.47. Supply of reference books (priced Publications) of the Department of Finance.

A reference is invited to punjab Government endst. No. 7 (1)-USF (C)-84/7745, dated 7th September, 1984, forwarding therewith a list of free mailing list for the supply of books of the Department of Finance and to intimate that matter regarding supply of these books free of cost to the departments of Government by the Department of Printing & Stationery has been re-considered. With a view to have a check on inflated demands of the departments of Government and also the mis-use of copies of these books supplied free of cost, it has been decided that in future the reference books of the Department of Finance mentioned in the free mailing list under reference alongwith correction slips relating thereto, which are priced publications be purchased by the departments themselves from the Controller, Printing and Stationery out of their contingent grants. The offices under your control may also be advised accordingly.

(No.7 (1) USF (C)—85/5734 Dated Chandigarh, The 19th April, 1975) 1985

20.48.—Deduction of tax at source—Income-tax deduction from salaries during the financial year 1985-86 under-Section 192 of the Income tax Act, 1961.

A reference is invited to this Ministry's Circular No. 388 [F. No. 275/13/84-IT (B)], dated the 16th July, 1984 [(1984) 148ITR (St.) 15] and circular No. 407 [F. No. 275/13/84-IT (B)], dated the 1st February, 1985 [(1985) 151 ITR (St.) 49] wherein the rates of Income-tax deduction during the financial year 1984-85 from the payment of income-tax chargeable under the head "Salaries" under Section 192 of the Income-tax Act, 1961 were intimated.

2. Sub-section (1) of the said section provides that the person responsible for paying any income charge under the head "Salaries" shall, at the time of making payment deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made, on the estimated income of the assessee for that financial year. The provision of sub-section (3) are intended for making adjustments of excess of shortfalls of inadvertent nature and/or due to unforeseen circumstances. Thus the aggregate tax calculated on the estimated income divided by twelve and rounded off to the nearest rupee is required to be deducted from the monthly salary.

3. In the Finance Act, 1985, some modifications have been made. An extract of sub-paragraph I of Paragraph A of Part III of the first Schedule is at Annexure I.

4. The substance of the main provision of law in so far as they relate to income chargeable under the head "Salaries" on which tax is

to be deducted at source during the financial year 1985-86 is given hereunder :—

- (i) No tax will be deductible at source in any case unless the estimated salary income for the financial year exceeds Rs. 18,000. Some typical examples of calculation are at Annexure-II.
- (ii) The value of perquisites by way of free or concessional residential accommodation, or motor cars provided by employers to their employees, shall be determined under Rule 3 of the Income-tax Rules, 1962. Further, the value of other benefits or amenities provided free of cost or at concessional rates to the employees, like supply of gas, electric energy, water for household consumption, educational facilities, etc. should also be taken into account, for the purpose of computing the estimated salary income of the employees during the current financial year (example II at Annexure II illustrates computation of some such perquisites).

As regards colliery allowance it is to be noted that only the excess over Rs. 100 per month or 50% of the actual colliery allowance paid by Coal India Limited, whichever is more, is to be treated as perquisite and the balance amount on account of the payment of said allowance may be allowed to be deducted while computing income under the head "Salaries" for purpose of deduction of tax at source.

(iii) Exemption in computing total income—

- (a) Clause (1) of Section 10 provides exemption of death-cum-retirement gratuity from inclusion in computing total income. The Government have issued a Notification bearing No. 537 (E), dated the 1st July, 1985 raising the limit of Rs. 36,000 mentioned in sub-clause (iii) of clause (10) of Section 10 of the Income-tax Act, 1961 to Rs. 50,000 for all the three purposes for which the said limit has been mentioned in the provisions of clause;
- (b) Sub-clause (1) of Clause (10AA) of Section 10 provides for exemption of any payment received by an employee as cash equivalent of the leave salary in respect of the period of earned leave at his credit at the time of his retirement on superannuation or otherwise; and
- (c) In the case of any employee other than an employee of the Central or State Government any payment of the nature referred to in sub-clause (i) of Clause (10AA) of Section 10 is to be excluded in computing the total income subject to the provisions of sub-clause (ii) of the said clause (10AA).

- (iv) The amount re-paid to and employee from the Additional Dearness Allowance Deposit Account under the provisions of Additional Emoluments (Compulsory Deposit) Act, 1974, shall be liable to be included in his total income of the previous year in which it is re-paid as already explained in the Ministry's Circular No. 182 [F. No. 275/12/75-IT (J)], dated the 28 the October, 1975. [Printed at (1975) 101 I.T.R. (St.) 130]. The amount re-paid will include an element of interest also. While the re-payment of principal sum will be regarded as salary paid during the relevant financial year and assessed to tax accordingly, the interest element qualifies for deduction in accordance with Section 80-L of the Income-tax Act, 1961.
- (v) Under Section 10 (10-B), as amended by Section 4 of the Finance Act, 1985 with effect from 1st April, 1986, any compensation received by a workman under the Industrial Dispute Act, 1947 (14 of 1947) or under any other Act or Rule, orders or notifications issued thereunder or under any standing orders or under any award, contract of service or otherwise, at the time of retrenchment is exempt from the payment of Income-tax the amount exempt under these provisions shall not exceed:
- (i) an amount calculated in accordance with the provisions of Clause (b) of Section 25 F of the Industrial Disputes Act, 1947; or
 - (ii) Fifty thousand rupees, whichever is less. However these limits shall not apply in respect of any compensation received by a workman in accordance with any Scheme which the Central Government may, having regard to the need for extending special protection to the workmen in the under taking to which such Scheme applies and other relevant circumstances, approve in this behalf.
- (vi) Under Section 10 (13 A) of the Income-tax Act, 1961 any special allowance specifically granted to an assessee by his employer to meet expenditure incurred on payment of rent (by whatever name called) in respect of residential accommodation occupied by the assessee is exempt from Income-tax to the extent (not exceeding Rs. 400 P.M.) as may be prescribed having regard to the area or place in which such accommodation is situated and other relevant considerations, Rules 2 A of the Income-tax Rules, 1962 prescribes the limits in respect of the amount which is not to be included in the total income of the assessee for the purpose of Section 10 (13A) of the Act. It has to be noted that only

the expenditure actually incurred on payment of rent in respect of residential accommodation occupied by the assessee subject to the limits laid down in Rule 2-A, qualifies for exemption from Income-tax. Thus, house rent allowance granted to an employee who is residing in a house/flat owned by him is not exempt from Income-tax. The disbursing authorities should satisfy themselves in this regard by insisting on production of evidence of actual payment of rent before excluding house rent allowance from the total income of the employee.

- (vii) (a)—Under Section 16 of the Income-tax Act 1961 (hereinafter referred to as the Act) the taxable salary is to be computed after providing standard deduction. The standard deduction is to be allowed of an amount equal to 25% of the salary subject to a maximum of Rs. 6,000. For this purpose the term "Salary" will include fees, commission, perquisites or profits in lieu of or in addition to salary but will not include any payment received by the employees which are specifically exempt from tax under Clauses (10), (10 A), (10AA), (10 B), (11), (12) and (13 A) of Section 10 of the Act. Thus, house rent allowance to the extent exempt under Section 10 (13A) of the Act will not be taken into account for the purpose of computing the amount of the standard deduction. It is to be noted that standard deduction on the above basis is to be allowed irrespective of whether any expenditure incidental to employment is actually incurred by the employee or not.

This deduction will be available also to persons drawing pens) during the current financial year at the same rates and subject to the same ceiling as to the employees in actual service. However the standard deduction will be limited to Rs. 1,000 only in cases (i) where the employee is provided with any motor car, motor cycle, scooter or other moped by his employer for use otherwise they wholly and exclusively in the performance of his duties, or (ii) where he is allowed the use of any one or more motor cars, out of a pool of motor cars owned or hired by the employer otherwise than wholly and exclusively in the performance of his duties. The use of any vehicle provided by the employer for journey by the employee from his residence to his office or other place of work as also from office or other place of work to his residence shall not be regarded as use of such vehicles otherwise than wholly and exclusively in the performance of his duties.

(b) Para 4 of Circular No. 407 dated 1st February, 1985 read with Circular No. 408, dated 8th February, 1985 may be treated as withdrawn in view of Section 6 (c) of the Finance Act, 1985.

(c) In respect of salary paid during the financial year 1985-86 the value of any benefit or amenity granted or provided free of cost or at concessional rate by an employer to an employee (not being a Director of the Company or a person who has substantial interest in the Company) is not regarded as a perquisite received by the employee unless the employee's income under the head "Salaries", exclusive of the value of any benefits or amenities not provided for by way of monetary payment exceeds Rs. 24,000. In cases where salary is received from more than one employer, the aggregate salary from these employers will have to be taken into account for the purpose.

(viii) (a) Under Section 80-C of the Act, while computing the taxable income the disbursing officers should allow deduction of the whole of the first Rs. 6,000, 50 per cent of the next Rs. 6,000 and 40 per cent of the balance of the qualifying amount of payment towards Life Insurance Premium, contributions to Provident Fund (including contributions to Public Provident Fund constituted under the Public Provident Fund Act, 1968), contributions for participation in the Unit-linked Insurance Plan 1971 made under Section 19(1)(CC) of the Unit Trust of India Act, 1963, deposits in a 10 year account or 15 year account under the Post Office Saving Bank (cumulative time deposits) Rule, 1959 and subscription to the National Saving Certificates (VI Issue) and the National Saving Certificates (VII Issue). The interest on National Saving Certificate VI Issue is deemed to be re-invested and therefore the holder thereof is entitled to the benefits of Section 80-C.

(b) In respect of contributions to "Recognised Provident Funds" there is another monetary ceiling limit laid down in clause (d) of sub-section (2) of Section 80-C of Income-tax Act, 1961 in that the employees' own contribution to his individual account in the Fund will not exceed 1/5th of his salary during the financial year or Rs. 10,000 whichever is less. "Salary" for this purpose would include dearness allowance if the terms of the employment so provide but will exclude all other allowances or perquisites. The expression "Recognised Provident Fund" has been defined in Section 2(38) of the Act to mean a provident fund which has been and continues to be recognised by the Commissioner in accordance with the Rules contained in Part A of the Fourth Schedule to the Act and includes a provident fund established under a Scheme framed under the Employees' Provident Fund Act, 1952.

(c) The Additional monetary ceiling of 1/5th of salary or Rs. 10,000 whichever is less will not be applicable to the contributions to the provident funds referred to in sub-clauses (iii) and (iv) of clause (a) of sub-section (2) of Section 80-C. Such provident funds are :—

- (A) Government Provident Fund and Railways Provident Fund;
- (B) Provident Funds established by such local authorities and institutions as are mentioned in the schedule to the

Provident Fund Act, 1925 and those notified by the Government from time to time under Section 8 (3) of that Act; and

(C) Any provident fund set up by the Central Government and notified by it in the Official Gazette—Public Provident Fund set up under the Public Fund Act, 1968 is an example of such a Fund.

(D) Under Clause (b) of sub-section (2) of Section 80-C where the assessee is a Hindu Undivided Family, the deduction is allowable in respect of—

(i) any sum paid in the previous year by the assessee out of its income chargeable to tax—

(1) to effect or to keep in force an insurance on the life of any Member of the Family; or

(2) as a contribution to any provident fund referred to in sub-clause (iv) of clause (a) where such contribution is to an account standing in the name of any member of the family; or

(ii) any sum deposited in the previous year by the assessee out of its income chargeable to tax in a ten year account or a fifteen-year account under the Post Office Saving Bank (Cumulative Time Deposit) Rules, 1959, as amended from time to time where such sums are deposited in an account standing in the name of any member of the family.

(E) The aggregate of the sums referred to in (a) and (d) above which qualifies for the purpose of computing the deduction under Section 80-C shall not exceed—

(i) In the case of an individual being an author playwright, artist, musician, actor or sportsman (including an athlete), sixty thousand rupees;

(ii) in the case of any other individual or a Hindu Undivided Family or any such associated or persons or a body of individuals as is referred to in Clause (g) of sub-section (2) forty thousand rupees.

(ix) No deduction should be made from salary income in respect of any donations for charitable purposes. The tax relief on such donations as admissible under Section 80-G of the Act will have to

be claimed by the tax payer separately at the time of finalisation of the assessment. However, in cases where contributions to the National Defence Fund, Jawaharlal Nehru Memorial Fund, the Prime Minister's Drought Relief Fund, the National Children's Fund or the Indira Gandhi Memorial Trust are made, 50 per cent of such contributions may be deducted in computing the total income of the employee. Under Section 80-G of Act as amended by Section 18 of the Finance Act, 1985 the donation to the Prime Minister's National Relief Fund will be eligible for hundred per cent deduction which would be effective from 1st April, 1986, and would, accordingly apply in relation to the assessment year 1986-87. Thus deduction in this respect may be allowed while computing the total income for the purpose of deduction of income-tax at source for financial year 1985-86. Deduction will not be admissible where the aggregate of all contributions for the year is less than Rs. 250.

(x) Under Section 80-GG of the Act, an assessee is entitled to a deduction in respect of house rent paid by him for his own residence at the places specified under rule 11-B of the Income-tax Rules, 1962. Such deduction is permissible subject to the following conditions :—

- (a) the assessee has not been in receipt of any house rent allowance specifically granted to him which qualifies for exemption under Section 10 (13-A) of the Act;
- (b) he will be entitled to a deduction in respect of house rent paid by him in excess of 10 per cent of his total income, subject to a ceiling of 15 per cent thereof or Rs. 400 per month, whichever is less. The total income for working out these percentages will be computed before making any deductions under Section 80-GG;
- (c) The assessee does not own :
 - (i) an residential accommodation himself or by his spouse or minor child or where such assessee is a member of a Hindu Undivided Family, by such family, at the place where he ordinarily resides or performs duties of his office or carries on his business or profession; or
 - (ii) at any other place, any residential accommodation being accommodation—in the occupation of the assessee, the value of which is to be determined under Clause (i) or, as the case may be, Clause (ii) of sub-section (2) of Section 23; and
- (d) The accommodation occupied by him for the purpose of

his own residence is situated in any of the following places, namely :—

- (i) Agra, Ahmedabad, Allahabad, Amritsar, Bangalore, Bhopal, Calcutta, Comibatore, Delhi, Faridabad, Gwalior (Lashkar), Hyderabad, Indore, Jabalpure, Jaipur, Kanpur, Lucknow, Ludhiana City, Madurai, Nagpur, Patna, Pune (Poona), Srinagar, Surat, Vadodra (Baroda) or Varanasi (Banaras) or the Urban agglomeration of each of such places; and
- (ii) Bombay, Calicut, Cochin, Ghaziabad, Hubli-Dharwar, Madras, Solapur, Trivandrum or Vishakhapatnam.

EXPLANATION

“Urban Agglomeration” in relation to a place means the area for the time being included in the urban agglomeration of such place for the purpose of grant of house rent allowance by the Central Government to its employees under the orders issue by it from time to time in this regard.

The disbursing authorities should satisfy themselves that all the conditions mentioned above are satisfied before such deduction is allowed by them to the assessee. They should also satisfy themselves in this regard by insisting on production of evidence of actual payment of rent.

(xi) Section 10(14) of the Act provides for exemption from Income-tax of any special allowance or benefit not being in the nature of an entertainment allowance or other perquisite within the meaning of Clause (2) of Section 17 specially granted to the employee to meet the expenses actually incurred wholly, necessarily and exclusively, in the performance of the duties of an office or employment of profit. In view of this provision, disbursing authorities have been authorised—*vide* Board’s Circular No. 196(F. No. 275/29/76-II(J), dated the 31st March, 1976 [Printed at (1976) 103 I.T.R. (St.) 38-39] not to deduct tax at source from conveyance allowance granted to an employee to the extent it is exempt under the said Section. It has been stated therein that the employee in receipt of conveyance allowance would have to furnish the necessary certificate before the disbursing authority in support of the fact that the conveyance allowance is only a reimbursement of expenses laid down wholly necessarily and exclusively and in the performance of duties of an office or employment of profit. The satisfaction of the disbursing authorities would still be liable for scrutiny by the Income-tax Officer during regular assessment proceedings before him. The disbursing authority is also required to endorse a certificate in terms of Section 10(14) on the tax deduction certificate issued under Section 203 of the Act. In this connection attention is invited to the Explanation to Clause (14) of Section 10 which clarifies that any allowance granted to the assessee to meet the personal expenses at the place where the duties of his office or employment of profit are ordinarily performed

by him or at the place where he ordinarily resides shall not be regarded for purposes of that Clause as a special allowance granted to meet expenses wholly, necessarily and exclusively incurred in the performance of such duties. This may be kept in view while deciding whether any expenditure from the special allowances has been actually incurred and if so the extent to which it has been incurred to meet the expense wholly necessarily and exclusively in the performance of duties of an office or employment of profit.

(xii) Section 80 RRA provides that where the gross total income of an individual who is a citizen of India, includes any remuneration received by him in foreign currency from any employer (i. e. foreign employer or an Indian concern) for any services rendered by him outside India, 50 per cent of such remuneration will be deducted in computing the taxable income. It also provides that where the assessee renders continuous service for more than 36 months, the remuneration received by him for any period of service after the expiry of the said 36 months will not qualify for any deduction. In the case of an employee of Central Government or any State Government of a person who was immediately before taking up the service outside India in the employment of the Central Government or any State Government the deduction will be allowed only if the service of the employee is sponsored by the Central Government. In the case of any other individual the deduction will be allowed only if he is a "Technician" and the terms and conditions of his services outside India are approved for the purpose of the said Section by the Central Government or the prescribed authority. It is pertinent to note that the deduction is to be allowed with reference to the remuneration received by the individual in foreign currency for services rendered outside India. Thus, if the remuneration is paid to the Indian Technician etc. partly in Indian currency and partly in foreign currency the amount paid in Indian currency will not be taken into account for purposes of deduction under Section 80 RRA. Likewise, if a part of the remuneration, although paid in foreign currency, relates to services rendered in India, then such part of the remuneration will also not qualify for deduction under Section 80 RRA.

The expression "Foreign employer" has been defined in explanation (b) to Section 80 RRA to mean (i) the Government of a foreign state; or (ii) a foreign enterprise; or (iii) any association or body established outside India. While allowing the deduction under this Section, documentary evidence should be obtained on the following points :—

- (i) In the case of individual who is in the Central Government or any State Government, the fact of his service having been sponsored by the Central Government;