

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT I), KERALA,
THIRUVANANTHAPURAM

No.OE Bills/Audit I/I/IT/TDS/2021-22

Dated: 25.08.2021

CIRCULAR NO.28

Sub: - Deduction of Income Tax from salaries during the Financial Year 2021-22.

For assessment year 2022-23 (Financial Year 2021-22), there are two operative tax regimes- One is the old tax regime where all the applicable deductions and exemptions are available and the tax rates are as per the rates of taxes specified in the Finance Act, 2021. The second one is the new tax regime under section 115BAC which provides for a concessional rate of tax while claims of many specified deductions and exemptions have been omitted. Members of staff whose salary income would exceed Rs.2,50,000/- are required to opt for the rates of income tax applicable for financial year 2021-22 (AY 2022-23) under either New tax regime or Old Tax Regime whichever is beneficial to them. A comparison of rates of income tax for the FY 2021-22 (AY 2022-23) are furnished below (Detailed rates are available under point no. 12).

Taxable Income	Tax Rate under Old Tax Regime	Tax Rate under New Tax Regime
0-250000	0	0
250001-500000	5%	5%
500001-750000	20%	10%
750001-1000000	20%	15%
1000001-1250000	30%	20%
1250001-1500000	30%	25%
Above 1500000	30%	30%

Staff members should exercise the option regarding the rates of tax to be applied in respect of their taxable income after ascertaining the beneficial tax regime from the PFMS website/Income Tax Menu and forward to the DDO (Forward Register in PFMS) on or before **31.10.2021**.

Option once exercised and forwarded to DDO shall be final for the purpose of TDS and can only be altered at the time of filing IT Return for FY 2021-22/AY 2022-23 with the Income Tax Department. As of now, there is no provision for alteration of tax regime for TDS during the year. Therefore, staff members should click "Forward Regime" only after ascertaining the beneficial tax regime to them.

[www.pfms.nic.in => Employees login ID/Password => EIS => Go to EIS => Income Tax => Employee Savings => Regime Comparison/Employee Savings => Saved Process => Forward to DDO (Forward Regime)]

Total income of those staff members opting for calculation of income tax under the new regime shall be calculated without any of the exemptions or deductions specified under subsection 2 of Section 115BAC. Such officials opting for the New Tax Regime will thus have to forego the following exemptions and deductions specified:

- (1) Standard deduction, professional tax and entertainment allowance under the head, salaries.
- (2) Leave Travel Allowance (LTA).
- (3) House Rent Allowance (HRA) [Section 10(13A)].
- (4) Minor child income allowance.
- (5) Helper allowance.
- (6) Children Education Allowance.
- (7) Other special allowances [Section 10(14)].
- (8) Interest on housing loan on the self-occupied property or vacant property.
- (9) Chapter VI A deductions (80C, 80D, 80E etc.)-Except section 80CCD(2) and 80JJAA.
- (10) Without exemption or deduction for any other perquisites or allowances.
- (11) Deduction from family pension income.
- (12) Higher basic exemption and reduced income tax slab rates for senior citizens (in case of officials retiring during the year).

Officials willing to remain under the old tax regime are requested to furnish a statement in the Proforma and Form 12BB so as to reach OE(Bills) Section before **15.11.2021** (Proforma available in **public folder >Bills>income tax statement form 2021-22**). In case the statement is not furnished before the specified date, Income Tax for the year 2021-22 will be computed with reference to the data available with the office and recovery effected on the basis of tax so computed. Details of expenditure/investments stated therein should invariably be supported by documentary evidence wherever applicable. Items of investment/expenditure for which deductions can be claimed under the old regime are given under 'Point No. 10'. Some of the important points to be noted while ascertaining taxable income are detailed below:

1. Interest accrued during the year in a statutory provident fund account (without employer contribution) to the extent it relates to the total contribution exceeding five lakh rupees made in any previous year in that fund on or after 01.04.2021, shall be taxable in the prescribed manner.

2. In order to allow deduction towards rent paid, the officials concerned should produce rent receipt/declaration of expenditure towards rent (in the form appended) along with the statement of income. If annual rent paid by the employee exceeds Rs.1,00,000 per annum, it is mandatory for the employee to report PAN of the landlord to the employer, in case the landlord does not have a PAN, a declaration to this effect from landlord along with the name and address of the landlord should be filed by the employee.
3. Salary for regulating exemption for HRA includes DA, if the terms of employment so provide, but excludes all other allowances and perquisites
4. A standard deduction of Rs.50,000 in lieu of travel, medical expense reimbursement except in case of differently abled persons.
5. Receipt in support of payment of LIC/PLI/ULIP premia etc. under Sl.No.10 I(a) (Other than salary deductions) should be produced before 30.11.2021.
6. In respect of deposits in NSC/NSS etc. original certificates/ pass books should be produced before 30.11.2021.
7.
 - a. For salaried persons, items available for direct deduction from income under Section 80C, 80 CCC, 80 CCD (1) of Chapter VIA of the Act are listed under 'Point No. 10' subject to a maximum of Rs.1,50,000. An additional tax benefit of Rs.50,000/- is available to NPS Subscribers under Section 80CCD(1B).
 - b. Other items available for direct deduction from income under Chapter VIA of the Act are Medical Insurance Premia paid through any mode other than by cash (up to Rs.25,000- for self and family and additional Rs.25,000 (Rs.50,000/- for Senior Citizens) for dependent parents, and contributions to CGHS - (80D), Maintenance including Medical treatment etc. and insurance deposits for dependents with 40% disability Rs.75,000/- and in cases of severe disability (80% or more Rs.1,25,000/- (80DD), interest on loan taken for the purpose of higher education (of self, spouse or children of the employee) - (80E), donations to certain funds etc. (80G) and deduction in case of own disability Rs.75,000/- and in case of severe disability Rs.1,25,000/- (80U) subject to prescribed conditions.
 - c. Disability for purposes of 80DD and 80U means blindness, low-vision, leprosy cured, hearing impairment, loco motor disability, mental retardation, mental illness, autism, cerebral palsy and multiple disabilities.

8. a. Income under the head 'other than salary' can be offered for TDS from salary under section 192(2B). Loss under the head 'House property Income' being interest on house loan, maximum eligible amount is Rs.30,000 for housing loans availed before 01.04.1999/ Rs.2,00,000 for housing loans availed on or after 01.04.1999 for construction/acquisition of residential building and construction /acquisition completed within five years from the end of the financial year, in which capital was borrowed using such loan, and it can be allowed at TDS stage itself provided details are furnished. A certificate from the institution to whom the interest is payable, specifying the amount of interest payable has also to be furnished. For repair, renewal or reconstruction of the house maximum deduction admissible is Rs.30,000/-
- b. Additional deduction up to Rs.50,000 being interest on repayment of loan taken from any financial institution for acquisition of a residential house property under Section 80EE, provided;
- the loan raised is not beyond Rs.35 lakhs and
 - property cost does not exceed Rs.50 lakhs and that
 - the loan is raised during the period 01.04.2016 to 31.03.2017.
 - the assessee does not own any residential house property on the date of sanction of loan.
- c. Additional deduction up to Rs.1,50,000 being interest on repayment of loan taken from any financial institution for acquisition of a residential house property under Section 80EEA for those who are not eligible to claim deduction u/s 80EE, provided;
- the assessee does not own any residential house property on the date of sanction of loan and
 - the stamp duty value of the residential house property does not exceed Rs.45 lakhs and that
 - the loan is raised during the period 01.04.2019 to 31.03.2021.
9. Medical reimbursement in excess of Rs.25,000 per annum is to be taken as perquisite under section 17(2) and is taxable.
10. Tax rebate of Rs.12500/- is admissible under Section 87A (Applicable for individuals having total income not exceeding Rs.5 lakh)

No claim of deduction will be allowed without proper documents.

(No refund of Income Tax will be allowed at TDS stage. Hence all the officials are requested to assess and plan their IT correctly and suitably.)

11. Some of the items of investment and expenditure for which deductions can be claimed under different sections of Income Tax Act are listed below.

80 C	Aggregate of amount paid/incurred/invested towards any of the following [maximum of Rs.1.5 lakh for 80C, 80CCC, 80CCD(1)] a. Life Insurance premia of self, spouse & children (for new policies after 1-4-2012 premium limited to maximum of 10% of the sum assured) b. Purchase of NSC VIII issue c. Contribution to GPF d. Employee contribution to CGEGIS, PLI e. Term deposit with Scheduled Bank for a fixed period of not less than 5 years f. Contribution towards Unit Linked Insurance Plan of UTI or LIC (of Self, Spouse & Children) g. Payment under a contract for annuity plan of the LIC or any other insurer h. Purchase of tax saving units of Mutual Fund or UTI i. Contribution to any Deposit Scheme or pension fund set up by National Housing Bank j. Tuition fees [paid to university, college, school or educational institution situated within India for full-time education to any two children] (excluding donation/Development Fees) k. Housing Loan Repayment (Principal)& Stamp duty paid for purchase of property l. Subscription to equity shares or debentures of an eligible issue m. Subscription to eligible units of mutual fund n. Contribution of PPF account of Self, Spouse & Children o. Subscription to Infrastructure Bonds of NABARD p. Deposit under Senior Citizens Saving Scheme q. Five year Time Deposit in Post Office r. Savings in Sukanya Samridhi Account scheme in the name of Girl Child
80 CCC	Amount deposited under LIC's Jeevan Suraksha or annuity plan of other insurance companies.
80 CCD (1)	Amount of contribution to notified Pension scheme by the employee. (Total deduction u/s 80C, 80CCC & 80CCD(1), shall not exceed Rs.1.5 lakh)
80 CCD (1B)	Amount paid/deposited in an approved Pension Scheme of Central Govt. (Max Rs.50000) in addition to the limit of 1.5 lakh under 80 C. Applicable also to non NPS employees also.
80 CCD (2)	Matching contribution made by Employer to Pension account of Individuals (Subject to a maximum of 10% of employee's salary for the previous year).
80 D	Mediclaim Insurance premium paid other than by cash (maximum of Rs.25,000/- taken on the health of the tax payer, spouse, dependent children and if it is taken on parents, additional Rs..25,000/-, policy taken on the health of a senior citizen Rs.50,000/-. Subscription by Government employee to CGHS or any similar Scheme of Central / State Govt as notified by the IT Department
80 DD	Expenditure on medical treatment of mentally or physically handicapped dependants (including the amount deposited in their name) [max Rs.75000/-if disability is over 40% and in case of severe disability (over 80%) max Rs.1,25,000/-]
80 DDB	Expense incurred for Medical treatment of Self/Dependent relation suffering from decease like Cancer, AIDs, Renal failure Upto-Rs.40,000/- Senior Citizen- Rs.1,00,000/-
80 E	Amount of interest repaid on loan taken for higher education of self, spouse or children or for a student for whom the Government Servant is a legal guardian.

80 EE/80 EEA	Under section 80EE of Income Tax Act, an eligible employee can claim up to Rs.50,000 and u/s 80EEA, up to Rs 1.5 Lakh a year in the FY 2021-22 for loan taken from a financial institution for acquisition of a residential house property, which is over and above the tax deductions by 80C and 24B (Rs.2 Lakh).
80 EEB	Under section 80EEB of Income Tax Act, tax exemption up to Rs 1.5 Lakhs on interest paid for the purchase of electric vehicles.
80 G	Donation to various charitable and other funds including PM's National Relief Fund etc. <i>(for amount exceeding Rs.10,000/- deductible only if the payment is made otherwise than by cash)</i>
80 GGA	Amount paid to approved research associations, universities, colleges and other institutions engaged in research in science, social science or statistics, any sum paid to approved association or institution carrying out programmes of rural development and amount paid to public sector company or local authority or approved institution carrying out eligible project or scheme. <i>(any amount exceeding Rs.2,000/- deductible only if the payment is made otherwise than by cash)</i>
80 U	Deduction for person with disability Rs.75,000 ; in case of severe disability over 80%-Rs.1.25 lakh

12. Detailed rates of Income Tax for the Financial Year 2021-22 (Assessment year 2022-23) are given below for information.

(1) In the case of an individual being a resident in India and below the age of 60 years at any time during the previous year: -

	Income Level	Income Tax Rate
i	Where the total income does not exceed Rs.2,50,000/-	NIL
ii	Where total income exceeds Rs.2,50,000/- but does not exceed Rs.5,00,000/-	5% of the amount by which the total income exceeds Rs.2,50,000/-
iii	Where the total income exceeds Rs.5,00,000/- but does not exceed Rs.10,00,000/-	Rs.12,500/- + 20% of the amount by which the total income exceeds Rs.5,00,000/-
iv	Where the total income exceeds Rs.10,00,000/-	Rs.1,12,500/- + 30% of the amount by which the total income exceeds Rs.10,00,000/-

(2) In the case of an individual resident who is of the age of 60 years and above but less than 80 years at any time during the previous year: -

	Income Level	Income Tax Rate
i	Where the total income does not exceed Rs.3,00,000/-	NIL
ii	Where total income exceeds Rs.3,00,000/- but does not exceed Rs.5,00,000/-	5% of the amount by which the total income exceeds Rs.3,00,000/-
iii	Where the total income exceeds Rs.5,00,000/- but does not exceed Rs.10,00,000/-	Rs.10,000/-+20% of the amount by which the total income exceeds Rs.5,00,000/-
iv	Where the total income exceeds Rs.10,00,000/-	Rs.1,10,000/- + 30% of the amount by which the total income exceeds Rs.10,00,000/-

(3) In the case of an individual resident opting to pay income tax at reduced rates u/s 115BAC during the previous year: -

	Income Level	Income Tax Rate
i	Where the total income does not exceed Rs.2,50,000/-	NIL
ii	Where total income exceeds Rs.2,50,000/- but does not exceed Rs.5,00,000/-	5% of the amount by which the total income exceeds Rs.2,50,000/-
iii	Where the total income exceeds Rs.5,00,000/- but does not exceed Rs.7,50,000/-	Rs.12,500/-+10% of the amount by which the total income exceeds Rs.5,00,000/-
iv	Where the total income exceeds Rs.7,50,000/- but does not exceed Rs.10,00,000/-	Rs.37,500/- + 15% of the amount by which the total income exceeds Rs.7,50,000/-
v	Where the total income exceeds Rs.10,00,000/- but does not exceed Rs.12,50,000/-	Rs.75,000/- + 20% of the amount by which the total income exceeds Rs.10,00,000/-
vi	Where the total income exceeds Rs.12,50,000/- but does not exceed Rs.15,00,000/-	Rs.1,25,000/- + 25% of the amount by which the total income exceeds Rs.12,50,000/-
vii	Where the total income exceeds Rs.15,00,000/-	Rs.1,87,500/- + 30% of the amount by which the total income exceeds Rs.15,00,000/-

Surcharge: @ 10% of Income Tax where total income exceeds Rs.50 Lakhs upto Rs.1 Crore.

@ 15% of Income Tax where total income exceeds Rs.1 Crore upto Rs.2 Crores.

@ 25% of Income Tax where total income exceeds Rs.2 Crores upto Rs.5 Crores.

@ 37% of Income Tax where total income exceeds Rs.5 Crores.

Health and Education Cess: @ 4% on the amount of Income Tax plus Surcharge, if any.

(Vide orders dated 18.08.2021 of Sr. DAG (Admin.))

Senior Audit Officer/OE(Bills)

INCOME TAX STATEMENT FOR THE FINANCIAL YEAR 2021-2022

(ASSESSMENT YEAR 2022-2023)

In respect of Sri/Smt..... Designation.....

To be furnished by the employees/officers whose income exceeds **Rs.2,50,000/-** (Exemptions and deductions specified in subsection (2) of section 115BAC will not be allowed to officials opting for tax deduction at concessional rates u/s 115BAC while calculating income tax deduction).

Details of income under any other head 'Other than Salary' offered for TDS from salary under section 192(2B).

Any other income (Business, Capital Gains, House Property or Other Sources) - Please specify details.	Amount

DECLARATION

(Cases in which the amount of HRA drawn is excluded from the Gross Salary)

Ido hereby declare that I am actually incurring expenditure towards payment of rent of my residential accommodation to House No.....Landlord Name..... Place and that the amount of rent actually paid by me during is Rs.....

Place:

Date:

Signature
Name & Designation

Countersigned.

FORM NO. 12BB
(See rule 26C)

Statement showing particulars of claims by an employee for deduction of tax under section 192

1. Name and address of the employee:
2. Permanent Account Number of the employee:
3. Financial year:

Details of claims and evidence thereof			
Sl. No.	Nature of claim	Amount (Rs.)	Evidence / particulars
(1)	(2)	(3)	(4)
1.	House Rent Allowance: (i) Rent paid to the landlord (ii) Name of the landlord (iii) Address of the landlord (iv) Permanent Account Number of the landlord Note: Permanent Account Number shall be furnished if the aggregate rent paid during the previous year exceeds one lakh rupees		
2.	Leave travel concessions or assistance		
3.	Deduction of interest on borrowing: (i) Interest payable/paid to the lender (ii) Name of the lender (iii) Address of the lender (iv) Permanent Account Number of the lender (a) Financial Institutions (if available) (b) Employer (if available) (c) Others		
4.	Deduction under Chapter VI-A (A) Section 80C, 80CCC and 80CCD (i) Section 80C (a)		

<p>(b)</p> <p>(c)</p> <p>(d)</p> <p>(e)</p> <p>(f)</p> <p>(g)</p> <p>(ii) Section 80CCC</p> <p>(iii) Section 80CCD</p> <p>(B) Other sections (e.g. 80E, 80G, 80TTA, etc.) under Chapter VI-A.</p> <p>(i) section.....</p> <p>(ii) section.....</p> <p>(iii) section.....</p> <p>(iv) section.....</p> <p>(v) section.....</p>		
Verification		
<p>I,, son/daughter of..... do hereby certify that the information given above is complete and correct.</p>		
Place:		
Date:	(Signature of the employee)	
	Full Name:	
	Designation	