

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)I,  
TAMILNADU, LEKHA PARIKSHA BHAVAN, 361 ANNA SALAI, CHENNAI – 18.**

No. PrI.AG(AUD)I/PC I/LTC/2020-21/ 7

Date: 02.11.2020

**CIRCULAR**

**Sub: Special cash package equivalent in lieu of Leave Travel Concession Fare for Central Government Employees during the block 2018-21 - Reg.**

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Ministry of Finance, Department of Expenditure, E II(A) Branch, New Delhi has announced Special cash package equivalent in lieu of Leave Travel Concession Fare for Central Government Employees during the block 2018-21 vide OM No.12(2)/2020-EII(A) dated 12.10.2020 with a view to compensate and incentivize consumption by Central Government employees thereby giving a boost to consumption expenditure and extended this package to persons belonging to Indian Audit and Accounts Department vide O.M dated 27.10.2020.

**In order to avail this package an employee should opt for both leave encashment and LTC fare.** However, if an employee has already exhausted the prescribed limit of six times of leave encashment for LTC, he is also eligible for availing this scheme utilizing the applicable LTC fare without leave encashment and the expenditure should be incurred in accordance with the ratio as prescribed for LTC fare.

The amount both on account of leave encashment and deemed LTC fare shall be admissible if the employee spends (i) an amount **equal to the value of leave encashment** and: (ii) an amount **three times of the cash equivalent of deemed fare** on purchase of such items/availing of such services which carry a **GST rate of not less than 12%** from GST registered vendors/service providers **through digital mode** and obtains a voucher indicating the GST number and the amount of GST paid.

The invoices which are being submitted for reimbursement under the package **should be in the name of the employee.**

The admissible payment shall be restricted to the full value of the package (leave encashment as admissible for LTC and deemed fare) or depending upon the spending.

While TDS is applicable in the case of leave encashment, the cash reimbursement of LTC fare in lieu of deemed actual travel shall be allowed exemption on the lines of existing income-tax exemption available to LTC fare.

An amount upto 100% of leave encashment and 50% of the value of deemed fare will be paid as advance.

The adjustment bills with Tax Invoices for purchases made/services availed should be submitted **within thirty days from date of drawl of advance.**

Immediate recovery of full advance in case of non utilization and recovery of unutilized portion of advance in case of under-utilization with penal interest will be made as per the extant provisions of LTC rules.

As all the claims with or without advance under the above package should be settled before 31<sup>st</sup> March 2021, **employees who are desirous to avail this package with or without advance should intimate PC I Section immediately** indicating the number of members in respect of whom the deemed LTC fare is to be claimed, to arrange for funds from Hqrs. Those who are **desirous to apply for advance** should submit their **applications for advance on or before 31<sup>st</sup> January 2021** and who are desirous to avail this **package without advance** should submit their **final claims complete in all respect on or before 28.02.2021** in order to process the bills and make payment within the stipulated time.

A copy of OM dated 12.10.20 is enclosed for information and strict compliance.

(Vide orders of Principal Accountant General (Audit)I)

*Randhika*  
*2/11/20*  
Senior Audit Officer/Claims

To

1. All Branch officers
2. All Sections
3. RA Units
4. Branch Offices
5. Inspection parties
6. Notice Board

F.No.12(2)/2020-EII(A)  
Ministry of Finance  
Department of Expenditure  
EII(A) Branch

North Block, New Delhi  
12<sup>th</sup> October, 2020

Office Memorandum

**Sub: Special cash package equivalent in lieu of Leave Travel Concession Fare for Central Government Employees during the Block 2018-21.**

In view of Covid-19 pandemic and resultant nationwide lockdown as well as disruption of transport and hospitality sector, as also the need for observing social distancing, a number of Central Government employees are not in a position to avail themselves of LTC for travel to any place in India or their Hometowns in the current Block of 2018-21.

2. With a view to compensate and incentivise consumption by Central Government employees thereby giving a boost to consumption expenditure, it has been decided that cash equivalent of LTC, comprising Leave Encashment and LTC fare of the entitled LTC may be paid by way of reimbursement, if an employee opts for this in lieu of one LTC in the Block of 2018-21 subject to the following conditions:-

- a) The employee spends the money of a larger sum than the entitlement on account of LTC on actual expenditure.
- b) Cash equivalent of full leave encashment will be allowed, provided the employee spends an equal sum. This will be counted towards the number of leave encashment on LTC available to an employee.
- c) The deemed LTC fare for this purpose is given below :-

Category of employees	Deemed LTC fare per person (Round Trip)
Employees who are entitled to business class of airfare	Rs. 36,000
Employees who are entitled to economy class of airfare	Rs. 20,000
Employees who are entitled to Rail fare of any class	Rs. 6,000

- d) The cash equivalent may be allowed if the employee spends a sum **3 times** of the value of the fare given above.

*B. M. 1/10*

Contd...2/-

e) The amount both on account of leave encashment and fare shall be admissible if the employee spends (i) an amount equal to the value of leave encashment and; (ii) an amount 3 times of the cash equivalent of deemed fare, as given above on purchase of such items / availing of such services which carry a GST rate of not less than 12% from GST registered vendors / service providers through digital mode and obtains a voucher indicating the GST number and the amount of GST paid.

f) The admissible payment shall be restricted to the full value of the package [leave encashment as admissible for LTC and deemed fare] or depending upon the spending as per example given at **Annexure-A**.

g) While TDS is applicable in the case of leave encashment, since the cash reimbursement of LTC fare is in lieu of deemed actual travel, the same shall be allowed exemption on the lines of existing income-tax exemption available to LTC fare. The legislative amendment to the provisions of the Income-Tax Act, 1961 for this purpose shall be proposed in the due course. Hence, TDS shall not be required to be deducted on the reimbursement of deemed LTC fare.

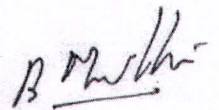
3. Head of the Departments / DDOs may make reimbursement under this package as per the details given above on receipt of invoices of purchases made / services availed during the period post the issuance of this order from the employees who are desirous to avail this package. **It may be noted that in order to avail this package an employee should opt for both leave encashment and LTC fare.**

4. An amount upto 100% of leave encashment and 50% of the value of deemed fare may be paid as advance into the bank account of the employee which shall be settled based on production of receipts towards purchase and availing of goods and services as given in Para 2(e). The claims under this package (with or without advance) are to be made and settled within the current financial year. Non-utilization / under-utilization of advance is to be accounted for by the DDOs in accordance with the extant provisions relating to LTC advance i.e. immediate recovery of full advance in the case of non-utilisation and recovery of unutilized portion of the advance with penal interest.

5. These orders will take effect from the date of issuance of this Office Memorandum and will be in force during the current financial year till 31<sup>st</sup> March, 2021.

6. All the Ministries/Departments are requested to bring the contents of this OM to the notice of all its Attached and Subordinate offices for their information.

Hindi version of this Office Memorandum will follow.



(B.K. Manthan)

Deputy Secretary to the Govt. of India

To

- All the Ministries/ Departments of the Government of India.

**Example:**

**Pay of an employee: Rs 1,38, 500 and has family of 4 eligible for economy class air travel.**

$$\text{Leave Encashment} := \frac{(1,38,500 \times 1.17) \times 10}{30} = \text{Rs. } 54,015$$

$$\text{Fare Value} : \text{Rs. } 20,000 \times 4 = \text{Rs. } 80,000$$

$$\text{Total Value} = \text{Rs. } 1,34,015$$

$$\text{Amount to be spent for full cash benefit} = \text{Rs. } 54,015 + 2,40,000^* = \text{Rs. } 2,94,015$$

$$\text{(a) Share of Leave Encashment in total} = \frac{54,015 \times 100}{2,94,015} = 18\%$$

$$\text{(b) Share of Fare in total} = \frac{80,000 \times 100}{2,94,015} = 27\%$$

\* 3 times of notional airfare (80,000 x 3 = 2,40,000)

- Thus, if an employee spends Rs. 2,94,015 or above, he will be allowed cash amount of Rs. 1,34,015.
- However, if the employee spends Rs. 2,40,000 only, then he may be allowed 18 % on account of Leave Encashment (Rs. 43,200) and 27% on account of fare value (Rs. 64,800). The total amount payable shall be Rs. 1,08,000.

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*B. M. R.*