SUGGESTIONS FOR BRINGING PERMANENT TAX RELIEF TO SALARIED CLASS ASSESSEES

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THE HIGHLIGHTS

There are certain issues related to taxation of salary income adversely affecting the salaried class which is the most regular payer of income tax in India. These need to be addressed in the manner given below –

- **Rationalizing the quantum of Standard Deduction**
  Quantum of Standard Deduction should be linked as a percentage of salary income, say @ 15% with a ceiling, say @ 20% of the income exempt from tax for the relevant A.Y.

- **Deduction against conveyance expenses**
  Expenses incurred by employees on commuting between place of their residence and employment should be allowed as an incidental expense incurred to earn salary income which may be fixed @ 5% of salary subject to maximum of Rs.50000 for big cities and @ 2.5% of salary subject to maximum Rs.25000 for smaller cities.

- **Deduction against House Rent Paid**
  The condition of payment of HRA by employer for allowing deduction towards house rent paid by the employee should be removed as taking a house on rent near work place is incidental to employment and getting an allowance from the employer is not in the hands of an employee.

- **Exemption of notional value of housing accommodation provided by the employer**
  Housing accommodation is provided to employees in or near the workplace to make their services instantly available for the job. Hence notional value of such facility should not be added in their taxable income, if there is no additional income to them by occupying it or the income so generated is separately subjected to tax.

- **Elimination of multiple categories of employees**
  Employees have been divided into various categories, prescribing different criteria for taxing their income which not only makes computation of tax a complicated affair but gives rise to dissatisfaction among employees. Hence same criteria should be prescribed for all employees.

- **Review of monetary ceilings determined under various provisions**
  In cases where a monetary ceiling is fixed for allowing exemption of or a deduction from income chargeable to tax etc., it may lose relevance, if not reviewed for a long time. Hence these may be linked with certain parameters like the income exempt from tax for the relevant A.Y. so that there is no need for separate review thereof.

- **Allowing deduction for amount recovered by employer from an outgoing employee**
  Sometimes, employers make a recovery from the outgoing employees, if the notice given by them for leaving employment falls short of the stipulated period. A provision is required to be made to give credit of such recovery, while calculating income tax liability of such employees.

- **Relaxation required to be given in taxing of certain incomes**
  Compensation received at the time of voluntary retirement / separation and retirement benefits should not be taxed as the revenue income of the year of receipt but be treated as capital receipt in the hands of employees.

- **Offering a suitable Investment option to the retiring employees**
  Now most of the employees do not get pension after retirement and have to solely depend on return from investments made out of their retirement benefits. Since the coverage under social security schemes in India, is still not sufficient to take care of the citizens in their old age, the government should provide a safe platform wherein the retiring employees may park their retirement benefits and earn an assured regular income.

THE DETAILS

Salaried class is the most regular payer of Income Tax in India. It may be due to stringent provisions of TDS as well as transparent nature of their source of income but they also by nature abide by rules and pay taxes willingly. Hence it is also expected from the Government to take care of their interests well. But it has been observed that they often remain seated on back benches, deprived of their due. Even if some relief is given to them, it proves temporary, as not reviewed later, loses its meaning soon and turns out to be merely symbolic.

Here are some such relief measures which not only need to be looked upon in present perspective but also for framing proper mechanism for auto revision thereof so that these remain relevant in future too –

1. <u>Rationalizing the quantum of Standard Deduction</u>

Under the scheme of the income tax law in India (as contained in the Income Tax Act, 1961 and Income Tax Rules, 1962, hereinafter referred as the 'Act' and the 'Rules' respectively), income of an assessee is taxed after deducting incidental expenses incurred by him to earn the income being subjected to tax under any head of income, like Income from House Property u/s 24, Profits or gains from Business or Profession u/s 28-44, Capital Gains u/s 48 and Income from Other Sources u/s 57 of the Act.

In the same manner, salaried persons also have to incur certain expenses to earn salary, like purchasing of books and periodicals, obtaining membership of professional bodies, joining certain courses to move forward in career, attending seminars to update their knowledge, making payment to placement agencies to find a new job etc. However, since it is difficult to assess the quantum of such expenses in each individual case, a portion of salary income was being allowed as 'Standard Deduction' u/s 16 (i) of the Act which was later withdrawn w. e. f. the Assessment Year (A.Y.) 2006-07. After pursuing the matter for long*, a flat deduction of Rs.40000 has now been allowed w.e.f. the A.Y. 2019-20.

Though it is a welcome step in right direction taken by the Government of late, it seems to require further review. Actually, this relief has been fixed for various Assessment years in past in different manner as may be observed from the table given below –

Assessment year	Amount of Standard Deduction allowed u/s 16(i)		Amount exempt from Income Tax (as applicable in case of a male resident individual up to 60 Years of age)	% of maximum amount of Standard Deduction with threshold limit of Income exempt from Tax
	For salary income	Standard Deduction allowed @		
2001-02	Up to Rs. 100000	1/3rd of Salary subject to maximum of Rs.25000	Rs.50000	50%
	From Rs.100001 to Rs.500000	Rs.20000		

	From Rs.500001 and above	NIL		
2002-03 & 2003-04	Up to Rs. 150000	1/3rd of Salary subject to maximum of Rs.30000	Rs.50000	60%
	From Rs.150001 to Rs.300000	Rs.25000		
	From Rs.300001 to Rs.500000	Rs.20000		
	From Rs.500001 and above	NIL		
2004-05 & 2005-06	Up to Rs. 500000	40% of Salary subject to maximum of Rs.30000	Rs.50000	60%
	From Rs.500001 and above	Rs.20000		
2006-07 to 2018-19		Nil	Rs.100000 to Rs.250000	Nil
2019-20	No Limit	Rs.40000	Rs.250000	16%

As elaborated above, the amount of such deduction which was Rs.25000 in the A.Y. 2001-02, then increased to Rs.30000/-, was withdrawn from the A.Y. 2006-07 and now restored after 13 years with a nominal increase of Rs.10000. Incidentally, the threshold limit of amount exempt from tax which was Rs.50000 in the A.Y. 2006-07 has now increased by 5 times to Rs.250000. Hence the increase of Rs.10000 seems to be on lower side.

Moreover, since this deduction is not linked with any parameter, it is most likely that it remains unrevised for a long period to come. Though in earlier years it was being allowed as a percentage of Salary Income, but since a ceiling has to be fixed for it, timely revision of such ceiling also becomes an issue. Hence, in order to ensure that there is a self-regulating mechanism to revise the quantum of this deduction in future, it may be linked with certain parameters.

Accordingly, it may be allowed as a percentage of salary income, say @ 15%, the ceiling may be fixed as a percentage of income exempt from tax for the relevant A.Y., say @ 20%, so that there is no need for separate review thereof. In future, whenever, there is any revision in the threshold limit of income exempt from tax, the maximum limit of Standard Deduction will also stand revised accordingly. If we see the position of above suggestion in the present context, persons earning salary of Rs.300000 PA will get a deduction of Rs.45000 and those earning Rs.333333 or more will get maximum deduction of Rs.50000 as against present deduction of Rs.40000.

2. Deduction against conveyance expenses –

Most of the salaried class persons have to incur expenses on commuting between place of their residence and employment. However, no deduction is allowed to them for these. Previously, if an employee was getting any payment from his employer as Transport Allowance to meet out such expenditure, a sum up to Rs.1600/- per month was exempted out of it u/s 10 (14) read with Rule 2BB. But if he was not getting any amount from his employer as such, he was not entitled to claim any exemption on this score. However, this exemption was withdrawn w.e.f. the A.Y. 2019-20, apparently as an offset against restoration of Standard Deduction.

Though it is quite logical that deduction against conveyance expenses should not be linked with paying of an allowance by an employer, as employees have to incur these expenses irrespective of the fact whether their employers pay anything to them on this score or not. However, it seems justified that an additional deduction should be allowed to all such employees who do not reside in the office/factory campus and have to travel from residence to work place, whether in public transport or by an owned vehicle (except in case where the conveyance facility is provided by the employer), over and above the Standard Deduction allowed u/s 16 (i). In the past also, both of these, namely exemption against

Transport Allowance u/s 10 (14) and the Standard Deduction u/s 16 (i) were being allowed simultaneously up to the A.Y. 2006-07.

In fact, deduction against conveyance expenses should be allowed in the ratio of salary as the amount incurred by an employee for this purpose normally varies in proportion to his salary income. According to a rough estimate, if an employee residing in a big city earns up to Rs.5.00 Lac PA and travels through Metro/Auto or maintains a Scooter for commuting between residence and office, he has to incur a sum of Rs.25000 approx in a year whereas a person earning about Rs.10.00 Lac PA may travel through Cab or maintain a Car and have to incur a sum of Rs.50000 approx in a year for this purpose. This shows that on an average about 5% amount of salary is spent by an employee on conveyance which is purely linked with his employment. Even if they have to maintain a vehicle mainly for this purpose, they are not entitled to claim depreciation. Hence, a deduction at this rate percent of salary, with a ceiling of course, say, Rs.50000 may be considered to provide some relief to salaried tax payers. Though in case of employees working in smaller cities, this deduction may be lesser, say 2.5% with a ceiling of Rs.25000, as their expense on this score is normally lesser in comparison to those residing in big cities.

3. Deduction against House Rent Paid –

Deduction against House Rent paid is allowed under any of the two provisions, namely –

A. To the employees who are getting House Rent Allowance (HRA)

An employee who is getting allowance from his employer for making payment of rent in respect of residential accommodation occupied by him, can claim exemption u/s 10 (13A) read with Rule 2A, to the least of the following, whether he owns any residential accommodation or not –

a) An amount equal to 50% of salary, where the residential house is situated at Mumbai, Kolkata, Delhi or Chennai and 40% thereof in other cases.
b) HRA received by the employee in respect of the period during which the rental accommodation is occupied by him during the previous year.
c) The excess of rent paid over 10% of salary.

B. To other employees

An employee, not getting any such allowance at any time during the previous year, or any other assessee, residing in a rented accommodation, would get a deduction u/s 80GG of the Act in respect of rent paid, if he or his specified relatives do not own any residential accommodation at the place of his work and also if he owns any residential accommodation at any other place but does not claim concession in respect of self-occupied house property u/s 23 (2) (a) or 23 (4) (a) of the Act. The amount deductible will be the least of the following –

a) Rs.5000/- per month.
b) 25% of his total income (excluding capital gains & other specified sums)
c) Excess of rent paid over 10% of total income(excluding capital gains & other specified sums)

Though the deduction allowed u/s 10 (13A) seems to be more in comparison to that allowed u/s 80GG, the former still needs some modification to make it rational. Since taking a house on rent near work place is incidental to employment and getting an allowance from the employer is not in the hands of an employee, the criteria of HRA being paid to the employee should be removed for calculating the amount eligible for exemption u/s 10 (13A) read with Rule 2A, though the limit of salary which is equal to 50% and 40% respectively at present may be revised at a slightly lower level, to rationalize the deduction under this section, if required. Moreover, full amount of rent paid should be exempt instead of reducing it by 10% of salary.

4. Exemption of notional value of housing accommodation provided by the employer from tax in certain cases

In case, an employer provides housing accommodation to his employees in or near the workplace to make their services instantly available for the job, the employees have to live in it as a condition of their employment. Notional value of such accommodation is determined and taxed in the hands of employees. But this does not seem justifiable in following circumstances –

i) In cases where, before occupying such accommodation, the concerned employee was residing in an owned house which is left vacant, no income from vacant house property is to be calculated in respect of owned house by virtue of the provisions of section 23 (2) (b) and there is no additional income to such employee from occupying the new accommodation.

ii) On the other hand, in case such owned house is then let out, giving rental income to him, such earning is separately subjected to tax. Hence the notional value of occupied accommodation should not be added in the income and taxed again.

iii) In cases, when he owns a residential house but was residing in a rented house which is vacated after he starts living in the accommodation provided by the employer, it gives some saving to him. But if he could not vacate the accommodation, he was living earlier, due to some reason and continues paying rent for it, he does not get any monetary benefit by occupying the house provided by the employer. In such cases, perquisite value of house should be proportionately reduced for the period during which the rent is continued to be paid for rented house.

iv) In case where he does not own any house and was also not residing in a rented house (e.g. living with his parents) and starts living in the accommodation provided by the employer, then also perquisite value should not be added in his income on the same ground.

In fact, the views expressed in clause no. 3 and 4 above are correlated. The basic concept is that since living near the work place is incidental to employment, if employee has to pay rent for that, it should be exempt from tax. But if the employer himself provides such accommodation, it should also not be taxed as a perquisite.

5. Elimination of multiple categories of employees

Employees have been divided into various categories, prescribing different criteria for each such category for exempting certain income from tax, valuation of perquisites and allowing deduction from income chargeable to tax, e.g. employees engaged with government, local authorities, statutory corporations, private and other sectors. Even these categories have not been put in one class but are treated differently for different purposes, making calculation of tax liability of employees a complicated affair. Following are the areas where different treatment is given to the different class of employees –

A. Tax treatment of Gratuity

Any death-cum-retirement gratuity received by employees of Central or of a State Government or local authority (but excluding employees of statutory corporation) is fully exempt from tax u/s 10(10)(i) of the Act.

In case of employees other than those above and covered by the Payment of Gratuity Act, 1972, amount exempt from tax u/s 10(10)(ii) of the Act is least of, a)15 days' salary (7 days' in the case of seasonal establishments), last drawn for every completed year of service or part thereof in excess of 6 months, or, b) Rs.20.00 Lac, or c) Gratuity actually received.

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In case of other employees, amount received as Gratuity is exempt from tax, which is least of, a) Half month's salary for each completed year of service (any fraction of the year even if more than 6 months is to be ignored), b) Rs.20.00 Lac, or , c) Gratuity actually received.

From the above, it appears that though the full amount of gratuity received by employees covered at para first of this clause above has been rightly exempted from tax, limits have been fixed in other cases. Ideally, full exemption should also be allowed to the employees covered at para second and third above, or at least certain modifications should be done in their case. Firstly, the ceiling (presently Rs.20.00 Lac) needs to be reviewed and suitably revised from time to time. Secondly, when an employer pays gratuity to his employee, there seems to be no reason to consider whether he was covered under the Payment of Gratuity Act or not. In such cases, his entitlement for exemption should be calculated on the same basis, as he would have got, had he been covered under the above Act. Accordingly, there seems to be no justification of ignoring the fraction of year for calculating number of years of completed service in their case which is to be rounded off in case of employees covered under the Gratuity Act.

B. Tax treatment of commutation of Pension

Any commuted pension received by an employee of the Central or of a State Government, local authority or statutory corporation after his retirement is wholly exempt from tax u/s 10(10A)(i) of the Act.

However, in case of any other employee, where he receives gratuity, commuted value of 1/3rd of pension which he is entitled to receive is exempt from tax but if he does not receive gratuity, 1/2th portion thereof is exempt from tax.

From the above, it appears that certain restrictions have been placed for allowing exemption for commuted pension received by second category of employees, whereas blanket exemption should be allowed to all the employees. Till then, at least a provision should be made so that in case commutation is being sought by the retired employee for any contingency like illness of self or any of his immediate family members, marriage of ward, or buying, constructing or repairing of a house for his residence, etc., 100% exemption should be allowed from tax.

C. Tax treatment of Leave Salary

Full amount received as cash equivalent of leave salary in respect of the period of earned leave at his credit at the time of retirement/superannuation is exempt from tax in case of employees of Central or of a State Government u/s 10(10AA) (i) of the Act. However, in case of other employees, any amount so received is exempt u/s 10(10AA) (ii) of the Act, to the least of, a) 30 days leave for every year of actual service rendered for the employer from whose service he has retired, or b) 10 Month's average salary, or c) an amount as specified by the government (which is Rs.3.00 Lac at present), or d) the amount actually received as such.

As explained above, full amount received against encashment of leaves at the time of retirement of employees of Central or of a State Government has been rightly exempted from tax, whereas certain limitations have been placed in case of other employees. Hence blanket exemption should be allowed in these cases also or at least the present ceiling of Rs.3.00 Lac, which was set about 20 years ago, should be suitably revised, say to Rs.10.00 Lac.

D. Perquisite value of rent-free unfurnished accommodation

In case of employees of Central or of a State Government, value of perquisite for rent free furnished accommodation is equal to the license fee which would have been determined by the respective government as per rules framed for allotment of houses to its officers.

However, in case of other employees, the amount calculated in the following manner is added in their salary income under Rule 3 (1) –

a) Where the accommodation is owned by the employer and is situated in a city, population of which is exceeding 25 Lac - 15% of salary, exceeding 10 Lac but up to 25 Lac - 10% of salary and any other - 7.5% of salary.

b) Where the accommodation is taken on lease or rent by the employer, 15% of salary, or Lease rent paid by the employer, whichever is less.

As explained above, provisions determining perquisite value of house provided to government employees rightly confines the same to a reasonable level but it is determined excessively in case of other employees. Moreover, such valuation is done on the basis of location of accommodation and paying capacity of employees, without considering rental value thereof. Accordingly, in case the accommodation located at the same place but different in terms of space or facilities is provided to two employees earning equal salary, perquisite value will be the same for both of them. Hence, it should be nominal or at least may be taken at lesser of the estimated rental value of accommodation and percentage of salary calculated as above.

In fact, the reason of treating different class of employees in a different manner seems to be based on a notion that the employees working in some sectors, especially in private sector, may get some benefits in such manner which might escape tax liability, hence tax exemption should be allowed to them in a restrictive manner. This position may have been true earlier, but now, comprehensive rules for valuation of perquisites and strict provisions of TDS have made it sure that no benefits or amenities can be provided by an employer to its employees, which can escape tax. Even then, if it is apprehended that employers in any sector may plan the benefits given to their employees to unduly bring down their tax liability, the tax benefit for such items of income to the employees in that sector may be restricted, up to the extent available to employees in other sectors but criteria should be the same for all classes of employees for taxing their salary income.

6. Review of monetary ceilings determined under various provisions –

There are several provisions in the Act and the Rules wherein a monetary ceiling is fixed for the purpose of allowing exemption of some income from tax or some deduction from income chargeable to tax etc. Such ceilings may be logical in the year when these are fixed but gradually lose their relevance, if not reviewed for a long time. A list containing many such ceilings fixed in respect of salary taxation, is being given here below to explain the position –

A. Exemption u/s 10 (14) read with Rule 2BB for certain allowances paid by the employer -
Children Education Allowance at Sl.No.11 of above and an allowance granted to an employee to meet the hostel expenditure on his child at Sl.No.12 of above are exempt from tax @ Rs.100 and Rs.300 respectively per PM per child up to a maximum of 2 children.

The amount of these exemptions was last revised w.e.f. 01-08-1997. As everybody knows, cost of education has gone manifold during the last two decades, these amounts of exemption have lost relevance. Hence these need to be suitably revised, say to Rs.1000/- and 3000/- per month per child respectively to give some relief to the salaried tax payers. Otherwise, there is no use of continuing this exemption which has now turned out to be merely symbolic.

B. Exemption for Leave Salary
The amount of leave salary exempt u/s 10(10AA) (ii) in case of an employee other than of the Central or of a State Government is Rs.3.00 Lac w.e.f. 2-04-1998 and has not been revised since last about 20 years.

C. Exemption for Compensation received at the time of voluntary retirement or separation
Amount of exemption u/s 10(10C) for Compensation received at the time of voluntary retirement or separation was fixed as Rs.5.00 Lac w.e.f. 1-04-1993 and has not been revised since last about 15 years.

D. Exemption for compensatory allowances
There are certain allowances which are normally paid to government employees, like Hilly Area Allowance, Difficult Area Allowance etc., the nomenclature of which itself clarifies that these are not

being paid to increase their income but to compensate them for the loss suffered due to change of their posting in comparatively difficult areas/conditions. Though such allowances are exempt from tax to the extent provided u/s 10(14) read with Rule 2BB at Sl. No.7-9, 13-15 and 18-21, these limits need to be modified whenever these allowances are revised. But in most of such cases, the present exemption limits were made applicable between 1-08-1997 to 1-04-2001, after which the amount of these allowances might have been revised. Hence it is suggested that there should be a blanket exemption for such allowances in case of government employees so that there is no need to frequently review these and for employees engaged in other sectors posted in similar areas/conditions, it may be kept confined to the amount applicable for the government employees for concerned period.

E. Definition of 'Specified Employees'

Section 17(2)(iii) defines certain employees whose income chargeable under the head Salary does not exceed Rs.50000/- PA, as 'Specified Employees' for determining taxability of perquisites, namely services of sweeper, gardener, watchman or personal attendant, supply of gas, electricity or water for household purposes, education facility to employee's family members, leave travel concession, medical facility, car etc. It may look strange that the perquisite value of the services of a personal attendant or a car provided by an employer is not taxable in the hands of an employee if his annual income is less than Rs.50000/- in view of the fact that there seems to be no chances of a person with such meager annual income in India at present be provided such facilities by his employer, as a personal attendant or the driver might himself be earning more than 3-4 times of this amount nowadays.

Actually, it also seems to be the result of fixing independent ceilings without linking these to some parameters and also not reviewing these from time to time. In fact, when this ceiling was fixed in the year 2002-03, the amount of income exempt from tax was also Rs.50000/- which meant that if the income of a person, before adding value of perquisites, was below the threshold limit of income exempt from tax for that year, no such perquisite value was to be added in his income so as to make it taxable. Accordingly, this amount should have been automatically increased to Rs.2.50 Lac at present.

Hence wherever a monetary ceiling is fixed, it should be realistic and subject to revision from time to time, say after every 5 years, instead of fixing it for once and then forgetting about it for the decades to come. Or else, it may be linked with some parameters like a percentage of the threshold limit of income exempt from tax so that it is automatically revised with every revision in the amount of income exempt from tax.

7. Allowing deduction for amount recovered by employer from an outgoing employee

There are cases where employers make some recovery from the employees parting with the organization, if the notice given by them for leaving employment falls short of the stipulated period. Since income of the concerned employees is reduced to the extent of amount so recovered from them, credit of such recovery should be given while calculating their taxable income. However, since there is no such provision under the present Income Tax Law, the employers cannot do that. On the other hand, in case any reimbursement is made to concerned employees against such recovery, either in full or in part, by their succeeding employers, the amount so reimbursed is added to the salary income of such employees and taxed as such.

Accordingly, there should be a provision, under which the previous employer has to give credit of the amount recovered from outgoing employees, in lieu of notice period, if any, while calculating their income tax liability. Not only this, if after giving credit for the amount so recovered, the net salary from previous employer shows negative income for that year (such a situation may arise when the employee leaves job at the beginning of a financial year), it should be adjusted from his salary income from next employer. Of course, if the succeeding employer reimburses something towards such recovery, it should continue to be subjected to tax on his part as at present.

8. Relaxation required to be given in taxing of certain incomes -

There are certain incomes which need to be treated liberally by the income tax law, such as –

A. Compensation received at the time of voluntary retirement or separation

Compensation received at the time of voluntary retirement or separation is exempt from tax u/s 10(10C), subject to the conditions specified therein, up to a sum of Rs.5.00 Lac. However, since the employer pays this amount to the employee to support his family till he gets another employment, it should be treated as income pertaining to the entire period during which the employee remains without job, instead of taxing the amount exceeding Rs.5.00 Lac in the year of receipt, as considering the position of employment in India, it is not so easy to get another job after losing one.

B. Retirement benefits

Whatever benefits an employee gets at the time of retirement as payment made by the employer in recognition of the services rendered by him over a period of time like gratuity, or payment due on year to year basis during the tenure of his service, like payment for leaves not availed and encashed at the time of retirement and balance in PF or Superannuation Account (as far as the employer's contribution is concerned), employer has to make provision in his books of accounts on yearly basis. Hence, the nature of these dues not being regular but spread over the entire span of service, these should not be taxed as the revenue income of the year of receipt but be treated as capital receipt in the hands of employees at the time of their retirement, to be used during the remaining lifetime of such employees.

9. Offering a suitable Investment option to retiring employees

Nowadays, most of the employees do not get any pension after retirement. Since they may not understand the intricacies of the share market or other investment options like buying of an immovable property to earn capital appreciation/rental income, retired employees have to solely depend on return from investments made by them out of retirement benefits. Unfortunately, there are very few options before them to invest their funds in where not only their hard earned money is safe but it gives reasonable return also. Interest rates on bank deposits and other government run schemes have come down to such a lower level that even a person getting retirement benefits, say to the tune of Rs.50.00 Lac cannot expect more than a meager return of Rs.3.00 Lac PA @ 6%, then what to say about those who get lesser amount as retirement benefits.

Hence, the Government should seriously think over forming a special Fund wherein employees from any sector may put their retirement benefits at for a fixed tenure, extendable at their option, with assured reasonable return which is exempt from tax, with an option to get an annuity on monthly basis. This is all the more necessary in view of the fact that the coverage under social security schemes in India, is still not sufficient to take care of the citizens in their old age.

Though the scheme 'Pradhan Mantri Vaya Vandana Yojana (PMVVY), announced for senior citizens under Budget proposals 2017 was a step in right direction, it also needs certain modifications like the scheme should be open at all the times and not for a specified period, the period of deposit which is 10 years at present, should be extendable at the option of the depositor, maximum amount which can be invested under the scheme should be suitably increased from Rs.10.00 Lac at present to, say Rs.30.00 Lac and the rate of interest which is 8% at present may be linked with the rate applicable in respect of PF.

In this way, there are certain anomalies regarding taxing of salary income in India. Hence it is submitted that the relevant provisions be reviewed and those found inconsistent or outdated be removed/modified. Considering the contribution of salaried tax payers in the revenue from Income Tax and their vulnerable position, it is expected that their case would be taken up by the Finance Minister on just and humanitarian grounds on the lines of suggestions given hereinabove.