



DEDUCTION OF TAX AT SOURCE UNDER SECTION 192 OF INCOME TAX ACT – WHAT TO DO & WHAT NOT TO DO – BY EMPLOYER & EMPLOYEE?

CMA NIRANJAN SWAIN

Senior General Manager (Finance), Odisha Power Generation Corporation Ltd

The employer while paying salary to its employees is required to deduct income tax at source under section 192 of income tax act and related rules. The provisions of income tax act / rules provides for manner of computation of income from salary, other heads incomes (house property & other sources) inclusion for deduction and allowing exemptions from income & deductions from gross total income based upon satisfaction of genuineness of declarations and documents submitted by the employee. In many cases even if the employee is eligible for such deduction or exemption of income, but the employer / paying officer is not authorized to allow such deduction. This article throws some light on provisions under income tax law and how deductions and exemptions are to be allowed to the employees while deducting tax at source on payment of salary. This article will help the authorized / paying officers (in case of PSU or Govt. departments designated as DDO) to discharge their duty in view of the closing of financial year 2017-18 by end of which entire tax needs to be deducted.

(1) Who is responsible for deduction & Method of Tax Calculation.

- Every employer, nominate a person who is responsible for paying any income chargeable under the head "Salaries" shall deduct income-tax on the estimated income of the assessee under the head "Salaries" for the financial year 2017-18. However adjustments made from time to time to ensure that entire tax payable on salary income is deducted.
- The income-tax is required to be calculated on the basis of the rates prescribed under the act, subject to the provisions related to requirement to furnish of PAN as per sec 206 AA of the Act, and shall be deducted at the time of each payment.
- No tax, however, will require to be deducted at source in any case where the estimated salary income including the value of perquisites, for the financial year 2017-18 exceeds ₹2,50,000/- or ₹3,00,000/- or ₹5,00,000/-, as the case may be, depending upon the age of the employee.

(2) Payment of Tax on Perquisites by Employer:

- No TDS applicable from salary of employee if the employer exercises an option to pay the tax on non-monetary perquisites given to such employee. However, the employer will have to pay the tax at the time when such tax was otherwise deductible i.e. at the time of payment of income chargeable under the head "salaries" to the employee.

(3) Computation of Average Income Tax:

For the purpose of making the payment of tax, it is to be determined at the average of income tax computed on the basis of rate in force for the financial year, on the income chargeable under the head "salaries", including the value of perquisites for which tax has been paid by the employer himself.

Example: Estimated Salary of an employee below 60 years of age is ₹7.00 lakh out of which ₹50,000/- is on account of non-monetary perquisites and the employer opts to pay the tax on such perquisites as per the provisions of income tax act. Total salary income is chargeable to Tax ₹6.00 lakhs. Employers are required to deduct perquisite tax computed as follows.

Income Chargeable under the head "Salaries" inclusive of all perquisites	₹6.00 lakhs
Tax on Total Salary (including Cess)	₹33,475/-
Average Rate of Tax $[(₹33,475 / ₹6,00,000) \times 100]$	5.58%
Tax payable on ₹50,000/= (5.58% of ₹50,000)	₹2790/-
Amount required to be deposited each month	₹233/- (₹2790/12)

The tax so paid by the employer shall be deemed to be TDS made from the salary of the employee.

(4) Salary from more than One Employer: Section 192(2)

- If an employee is working under more than one employer is required to furnish to the present/chosen employer details of the income under the head "Salaries" due or received from the former/other employer and also tax deducted at source there from, **in writing and duly verified by him and by the former/other employer.** The present/chosen employer will be required to deduct tax at source on the aggregate amount of salary (including salary received from the former or other employer).

(5) Relief When Salary Paid in Arrear or Advance: Sec 192 (2A)

- If during financial year an **employee of specified organization** has received any arrear salary or advance salary is entitled to the relief under Section 89(1), he may furnish to the person responsible for making the payment such particulars in **Form No. 10E duly verified by him**, and thereupon the person responsible, as aforesaid, shall compute the relief on the basis of such particulars and take the same into account in making the deduction under of TDS. **Form 10E should be submitted electronically along with return of income to claim rebate u/s 89(1) of income tax act.**

Note: Specified Organization means a Government servant or an employee in a company, co-operative society, local authority, university, institution, association or body. Amount received or receivable by an assessee on his voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in section 10(10C)(i) (read with Rule 2BA), a scheme of voluntary separation, if an exemption in respect of any amount received or receivable on such voluntary retirement or termination of his service or voluntary separation has been claimed by the assessee under section 10(10C) in respect of such, or **any other, assessment year is to be excluded for calculation of relief u/s 89(1).**

(6) Adjustment for Excess or Shortfall of Deduction:

- The provisions of Section 192(3) allow the deduct or (payer of salary/DDO) to make adjustments for any excess or shortfall in the deduction of tax already made during the financial year, in subsequent deductions for that employee within that financial year itself.

Specified date means the last day of the month immediately preceding the month in which salary is due or paid in advance or in arrears. If the salary is due on 3rd day of every month, then the specified date is 30th / 31st of the previous month (in case of February the date is 28th or 29th).

(7) Salary Paid in Foreign Currency:

- For the purposes of deduction of tax on salary payable in foreign currency, the value in rupees of such salary shall be calculated at the "**Telegraphic transfer buying rate**" of such currency as on the date on which tax is required to be deducted at source (see Rule 26). Pl refers Circular No.20/2015 dated. 2nd December 2015.
- **Rule 115 of the Income-tax Rules, 1962 relates for conversion of foreign income which** provides for rate of foreign exchange for conversion of income accruing or arising or deemed to be accruing or arising or received or deemed to be received in foreign currency. According to Rule 115, the rate of conversion for such income would be the telegraphic transfer ("TT") buying rate of such currency as on the "specified date". **TT buying rate means the rate of exchange adopted by State Bank of India ("SBI") for buying such currency through telegraphic transfer.**

(8) Computation of Taxable Income by the Employer for deduction of TDS u/s 192.

The employer is required to compute the taxable income by taking

- ❖ **Payment of salary, allowances and perquisites as covered under section 15, 16 & 17 of income tax act and after allowing exemption and deductions provided under income tax act to arrive at taxable salary. The legitimate claim of the employees should not be denied by the employer / payer of salary / DDO.**
- ❖ **The incomes other than salary declared by the employee for inclusion with required evidence/ documents as provided under the act / rules.**

Sl. No.	Particulars	Amount in ₹
1	Find out Taxable salary income (Salary, Allowances & Perquisites)	
2	Add: Other incomes declared by the employee (Income from House Property, Other Sources) (in case of loss only house property loss would be considered no other loss would be taken into consideration)	
3	Find out aggregate of (1) and (2)	
4	Less: Deduction under sections 80C to 80U (to be allowed on the basis of evidences of investment or expenditure as the case may be)	
5	Taxable Income for TDS (3)-(4)	
6	Tax payable on Taxable Income – Tax on (5) at applicable rate	
7	Add: Surcharge, Education Cess and Secondary and Higher Education Cess	
8	Less: Tax deducted by others as per information given by the employee	
9	Find out tax liability [(6)+(7)-(8)] for deduction of tax at source	

(9) Consideration of inclusion of Income declared by the Employees & submission of information regarding Income under any other head:

Section 192(2B) enables a taxpayer / employee to furnish particulars of income under any head other than "Salaries" to his employee for inclusion in taxable income and deduction of tax at

source. Usually following incomes declared for inclusion and documents / certificates submitted by the employee for verification.

Declaration of Income	Provisions to be adhered	Conditions and Verification of Documents by DDO
Income from House Property	Computation Statement showing – Gross Annual Value, Municipality Tax paid, Standard deduction. Deduction claimed as interest and Address of the property	<p>1. House must belong to the Employee (includes co-ownership). Proof of ownership to be submitted.</p> <p>1. The acquisition or construction of the house should be completed within 5 years from the end of the FY in which the capital was borrowed (submission of completion certificate of the house property against which deduction is claimed either from the builder or through self-declaration from the employee.)</p> <p>2. Employee has to furnish before the DDO a certificate from the person to whom any interest is payable on the borrowed capital specifying the amount of interest payable during the year. In addition to in case of new house, the employee required to submit the proof of interest paid or accrued up to last date of the last year to the previous year in which is acquired / construction completed (as reduced by any part of interest allowed as deduction under any other section of the Act) and same shall be deducted.</p> <p>3. In case a new loan is taken to repay the earlier loan, then the certificate should also show the details of Principal and Interest of the loan so readied in equal instalments for the FY in question and subsequent four FYs.</p> <p>4. Refer Note – 1 below</p>
Income from Other Sources – Dividend, Interest & other (specify)	Computation Statement in detail covering income u/s 56 & deduction u/s 57 & 58 of income tax act	

There is no restriction for declaration by an employee related to “income from Capital Gain” and “income from business or profession” for inclusion and deduction of tax at source from salary. However it is seen that an employee has been debarred to do any business as per terms and conditions of employment. So practically no employee declares “income from business or profession” for inclusion and deduction of tax act source from salary.

Note- 1: (i) Earlier the declaration was made in specified format 12 C prescribed under income tax rules which has been omitted. Now, no specified format as per income tax rules has been prescribed for such declaration. The particulars may now be furnished in a **simple statement**, which is properly signed and verified by the taxpayer in the manner as prescribed under Rule 26B(2) of the Rules and shall be annexed to the simple statement. However the form of verification usually provided under CBDT Circular from year to year which is - “I, (name of the assessee), do declare that what is stated above is true to the best of my information and belief.

(ii) The DDO shall also ensure furnishing of the evidence or particulars in Form No. 12BB in respect of deduction of interest as specified in Rule 26C read with section 192 (2D).

(iii) The DDO may take into account any loss only under the head "Income from house property". Loss under any other head cannot be considered by the DDO for calculating the amount of tax to be deducted.

(iv) Maximum interest allowed for deduction under house property is ₹2, 00,000/- (₹30,000/- if loan is availed for repair of house property at any year or the loan is availed for construction/acquisition of house property prior to 1st April 1999) in view of section 71(3A) under which set off of house property loss under the head “Income from house property” against any other income which includes Income from Salary has been restricted. Pl note that new sub section 3A is inserted to section 71 from assessment year 2018-19.

(10) Submission of Evidence and declarations to Employer / DDO for allowing deduction in computation of taxable income for TDS:

DDOs empowered to obtain evidence of proof or particulars of the prescribed claim (including claim for set-off of loss) under the section 192(2D) of income tax act:

- DDOs have been authorized u/s 192 to allow certain deductions, exemptions or allowances or set-off of certain loss as per the provisions of the Act for the purpose of estimating the income of the assessee or computing the amount of tax deductible under the said section. The evidence /proof /particulars for some of the deductions/exemptions/allowances/set-off of loss claimed by the employee such as rent receipt for claiming deduction in HRA, evidence of interest payments for claiming loss from self-occupied house property, etc is not available to the DDO. To bring certainty and uniformity in this matter, section 192(2D) provides that person responsible for paying (DDOs) shall obtain from the assessee evidence or proof or particular of claims such as House rent Allowance (where aggregate annual rent exceeds one lakh rupees); Leave Travel Concession or Assistance; Deduction of interest under the head "Income from house property" and deduction under Chapter VI-A

as per the prescribed form 12BB laid down by Rule 26C of the Rules.

- The Central Board of Direct Taxes (CBDT) has released **Form No. 12BB** after Rule 26C inserted with effect from June 1, 2016. This is a standard form for salaried tax payers to claim tax deduction on;
 - ❖ **LTA (Leave Travel Allowance) / LTC (Leave Travel Concession)**
 - ❖ **HRA (House Rent Allowance)**
 - ❖ **Interest payable on Home Loan (Section 24)** and
 - ❖ All Tax Deductions under **Chapter VI-A** which relates to allowable deductions under various sections including Section 80C, Section 80CCC, Section 80CCD, *Section 80D* etc.

The abstract of Form 12BB has been summarized for better understanding.

Nature of claim	Evidence or particulars
House rent allowance (HRA)	<ul style="list-style-type: none"> Amount of Rent paid / payable to the Land Lord <p>(CBDT as an administrative measure exempted employees</p>

	<p><i>who are drawing HRA up to ₹3,000 per month for production of rent receipt. However the Assessing Officer may make enquiry to satisfy that the employee has actually incurred the expenses for which deduction claimed u/s 10(13A).</i></p> <ul style="list-style-type: none"> Name and address of landlord/landlords PAN of landlord/landlords (where the aggregate rent paid during the financial year exceeds ₹1 lakh)
Leave travel concession or assistance	<ul style="list-style-type: none"> Expenditure and evidence pertaining to expenditure
Deduction of interest under the head "Income from house property"	<ul style="list-style-type: none"> Amount of interest paid/payable Name & address of the Lender. PAN of the lender (Financial Institutions/Employers/Others)
Deduction under sections 80C, 80CCC, 80CCD, 80CCG, 80D, 80DD, 80DDB, 80E, 80EE, 80GG, 80GGA, 80TTA and 80U	<ul style="list-style-type: none"> Amount of investment/expenditure and evidence of investment/expenditure

- No time limit has been specified for submission of Form No.12BB by employee to employer. It may be noted that above information submitted in Form No.12BB shall be retained by the employer/DDO. However while filing return of TDS for the 4th quarter of every year in the prescribed Form No. 24 Q, the PAN of landlord (in case of House Rent Allowance) and PAN of lender (in case of interest on borrowings for house property) shall be specified in Annexure II.

(11) Deductions available to an Employee under Chapter VIA.

- Following deductions are available under Chapter VIA of income tax act and to claim such deduction an employee is required to submit the evidences of investments and expenditure as applicable along with Form 12BB to the employers. The employer/DDO is to satisfy about genuineness of such claims and allow the deduction in computation of income tax for deduction of tax at source. However in few cases there is also a restriction for consideration of the amount spent (80G – Specific Donations) in TDS for which the employee needs to claim along with filing of return of income.

Section	Nature of Deduction	Amount Eligible	Remarks
80C	Deduction for Investment made in certain Schemes (Pl refer the relevant section for ascertaining the Gross Qualifying amount, Net Qualifying Amount etc.)	Up to ₹1,50,000 (Subject to overall limit of ₹1,50,000 under Section 80C, 80CCC and 80CCD)	For allowing deduction proof of investments/ deposits in support of claims are to be submitted by the employees along with Form 12BB and verified by DDO.
80CCC	Contribution to certain specified Pension Funds of LIC/other insurer for receiving pension from a Fund referred to in section 10(23AAB). (The deduction is subject to certain conditions).	Up to ₹1, 50,000. (Subject to overall limit of ₹1,50,000 under Section 80C, 80CCC and 80CCD)	After claiming deduction <ul style="list-style-type: none"> If the assessee or his nominee surrenders the annuity before the maturity date, the surrender value shall be taxable in the hands of assessee or his nominee The pension received is taxable in the hands of assessee or his nominee.
80CCD	Contribution to notified Pension Scheme (NPS) by an Individual. (The deduction is subject to certain conditions).	Amount deposited to pension scheme includes New pension Scheme notified vide Notification No.5/7/2003-ECB & PR dated.22 nd Dec 2003 and Atal Pension Yojana (Notification No.SO-529(E) dated.19 th Feb 2016) or 10%of salary (includes dearness allowance) / 20% gross (from AY 2018-19) total income, whichever is less (subject to ceiling limit of ₹1, 50,000 as provided under Section 80CCE) shall be allowed as deduction under Section 80CCD(1). Additional deduction to the extent of ₹50,000 shall also be available to the assessee under section 80CCD(1B). The additional deduction is not subjected to ceiling limit of ₹1,50,000 as provided under Section 80CCE. Contribution made by employer	<ul style="list-style-type: none"> Deduction under section 80CCD(2) on account of contribution made by the employer to a pension scheme is not subjected to ceiling limit of ₹1,50,000 as provided under Section 80CCE. No deduction is available in respect of employer's contribution in excess of 10% of salary of employee. Addition deduction of ₹50,000 shall not be allowed in respect of contribution which is considered for deduction under Section 80CCD(1), i.e., limit of 10% of salary/ 20% of gross total income Tax at the time of Withdrawal <ol style="list-style-type: none"> Partial withdrawal from NPS (not exceed 25% of employee contribution) – Exempted Amount received by assessee on closure of account or on his opting out of NPS Scheme – 60% taxable. Amount received by nominee on the death of assessee – Exempted Pension Received out of NPS – Taxable. Amount received out of (b), (c) & (d) utilised for purchasing annuity plan during same

		shall also be allowed as deduction under section 80CCD(2) while computing total income of the employee.	<i>previous year – Exempted.</i> (f) <i>Pension received out of annuity plan purchased</i> (e) <i>above – Taxable.</i>
80CCG	Investment Made under Rajiv Gandhi Equity Savings Scheme: Amount invested by resident individuals, whose gross total income does not exceed ₹12 lakhs, in listed shares or listed units in accordance with notified scheme for a lock-in period of 3 years (Subject to certain conditions).	Deduction of 50 % of total investment subject to maximum of ₹25,000 in 3 consecutive assessment years, beginning with the assessment year relevant to the previous year in which the listed shares or list units of equity oriented funds are first acquired	No deduction is allowed from Assessment Year 2018-19. However if any assessee has claimed deduction under this section for AY 2017-18 and earlier AY shall be allowed deduction under this section till AY 2019-20, if he is otherwise eligible to claim the deduction as per provisions of this section.
80D	Medical Insurance Premium: Amount paid (in any mode other than cash) by an individual (HUF is also eligible) to LIC or other insurer to effect or keep in force an insurance on the health of specified person*. An individual can also made payment to the Central Government health scheme and/or on account of preventive health check-up.	In case of Individual, amount paid: (a) For self, spouse and dependent children: ₹25,000 (₹30,000 if specified person is a senior citizen or very senior citizen) (b) For parents: additional deduction of ₹25,000 shall be allowed (₹30,000 if parent is a senior citizen or very super senior citizen) In case of HUF, premium up to ₹25,000 (₹30,000 if person insured is a senior citizen or very senior citizen) paid to insure any member of the family.	Specified Person means ○ In case of Individual- Self, Spouse, dependent children or parents ○ In case of HUF- Any member thereof “Senior citizen” means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year. “Very senior citizen” means an individual resident in India who is of the age of eighty years or more at any time during the relevant previous year. Note:- (a) Deduction for preventive health check-up shall not exceed in aggregate ₹5,000. (b) Payment on account of preventive health check-up may be made in cash. (c) Within overall limit, deduction shall also be allowed upto ₹30,000 towards medical expenditure incurred on the health of specified person provided such person is a very senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person.
80DD	Maintenance including medical treatment of a handicapped dependant who is a person with disability: Deduction allowed to resident Individual (HUF also eligible) Option-1: Any expenditure incurred for the medical treatment (including nursing), training and rehabilitation of a dependent, being a person with disability Option -2: Any amount paid or deposited under an approved scheme framed in this behalf by the LIC or any other insurer or the Administrator or the specified company for the maintenance of a dependent, being a person with disability	For dependant with disability: ₹75,000/- For dependant persons with severe disability - ₹1,25,000/-.	<ul style="list-style-type: none"> • For claiming deduction a Certificate issued by Medical Authority needs to be furnished to DDO / Paying Officer who need to verify the eligibility for allowing such deduction. • Eligible only if the dependant has not claimed deduction U/S 80U. • If the dependant with disability predeceases the amount deposited or paid at Option 2 shall be deemed to be income of assessee in the previous year in which the amount received and chargeable to tax. • Disability shall have the same meaning assigned to it in section 2(i) of Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995 OR A person with severe disability referred to in clause (o) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999; • Person with disability means a person having any disability stated is not less than 40% and with severe disability means any disability of 80% or above.
80U	Deduction in case of Persons with Disability:	For dependant with disability: ₹75,000/-	<ul style="list-style-type: none"> • Disability shall have the same meaning assigned to it in section 2(i) of Persons with

	A resident individual who, at any time during the previous year, is certified by the medical authority to be a person with disability [as defined under Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995]	For dependant persons with severe disability - ₹1,25,000/-	Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995. <ul style="list-style-type: none"> • A person with severe disability referred to in clause (i) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999; • Person with disability means a person having any disability stated is not less than 40% and with severe disability means any disability of 80% or above.
<p>However, under both the sections 80 DD and 80U, the employee shall furnish to the DDO the following</p> <p>1. A copy of the certificate issued by the medical authority as defined in Rule 11A (1) in the prescribed form as per Rule 11A (2) of the Rules. The DDO has to allow deduction only after seeing that the Certificate furnished is from the Medical Authority defined in this Rule and the same is in the form as mentioned therein.</p> <p>2. Further in cases where the condition of disability is temporary and requires reassessment of its extent after a period stipulated in the aforesaid certificate, no deduction under this section shall be allowed for any subsequent period unless a new certificate is obtained from the medical authority as in 1 above and furnished before the DDO</p>			
80DDB	<p>For Medical Treatment of specified diseases or ailment as prescribed by the Board under rule 11DD:</p> <p>Expenses actually paid by resident individual (also HUF is eligible) for medical treatment of specified diseases and ailments of:</p> <p>a) In case of Individual: Assessee himself or wholly dependent spouse, children, parents, brothers and sisters</p> <p>b) In case of HUF: Any member of the family who is wholly dependent upon the family</p>	<p>Up to ₹40,000</p> <p>(₹60,000/- in case of senior citizen – who is at least 60 years of age at any time during previous year</p> <p>AND</p> <p>₹80, 000/- in case of very senior citizen – who is at least 80 years of age at any time during previous year)</p> <p>The amount of deduction shall be reduced by the claim received under an insurance</p>	<p>To claim the assessee is required to submit a Doctor's prescription. It is not required to submit along with return of income. The assessee should retain the same and submit before Assessing Officer during assessment.</p> <p>Prescription in respect specified diseases or ailment as prescribed by the Board under rule 11DD shall be issued by specialists</p> <p>DDO needs to verify and satisfy about the claim of an employee.</p>
80EE	<p>Interest on loan taken for residential house property:</p> <p>Interest payable on loan taken up to ₹35 lakhs by an individual taxpayer from any financial institution, sanctioned during the FY 2016-17.</p> <p>For the purpose of acquisition of a residential house property whose value does not exceed ₹50 lakhs (Subject to certain conditions).</p>	<p>Deduction of up to ₹50,000 towards interest on loan.</p>	<p>If the deduction is claimed under this section, no deduction shall be claimed under any other section including in the Computation of House Property income.</p> <p><i>This deduction is available from Assessment Year 2017-18 onwards.</i></p>
80G	<p>Deductions on respect of donations to certain funds, charitable institutions, etc.</p>	<p>Deductions on account of donation made to various funds , charitable organizations etc (Pl refer to provisions for computation as well as eligible contribution)</p> <p>No deduction under this section is allowable in case the amount of donation exceeds ₹2,000/- unless the amount is paid by any mode other than cash.</p>	<ul style="list-style-type: none"> • <i>The tax relief admissible under this section for donation given by the employee to notified public charitable institutions has to be claimed by him / her in the return of income that filed with dept.</i> • However in cases where employees make donations to the Prime Minister's National Relief Fund, the Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund through their respective employers, it is not possible for such funds to issue separate certificate to every such employee in respect of donations made to such funds as contributions made to these funds are in the form of a consolidated cheque. An employee who makes donations towards these funds is eligible to claim deduction under section 80G. It is, hereby, clarified that the claim in respect

			of such donations as indicated above will be admissible under section 80G on the basis of the certificate issued by the Drawing and Disbursing Officer (DDO)/Employer in this behalf - Circular No. 2/2005, dated 12-1-2005.
80GG	Rent paid by an individual for furnished/unfurnished residential accommodation if he is not receiving any HRA (Subject to certain conditions)	<p>Least of the following shall be exempt from tax:</p> <p>a) Rent paid in excess of 10% of total income b) 25% of the Total Income; or c) ₹5,000 per month.</p> <p>Total Income = Gross total income minus capital gains, short term capital gains u/s 111A, deductions u/s 80C to 80U (other than 80GG) and income under section 115A.</p>	<p>The employee files the declaration in Form No.10BA prescribed under income tax rules.</p> <p>The employee does not own:</p> <ul style="list-style-type: none"> any residential accommodation himself or by his spouse or minor child or where such employee 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 at any other place, any residential accommodation which is in the occupation of the employee, the value of which is to be determined under section 23(2)(a) or section 23(4)(a), as the case may be.
80GGA	Deduction in respect of certain donations for scientific, social or statistical research or rural development programme or for carrying out an eligible project or National Urban Poverty Eradication Fund shall be allowed (Subject to certain conditions)	100% of donations or contributions made.	No deduction shall be allowed if contribution is paid in cash in excess of ₹2,000
80TTA	Interest on deposits in saving account of an Individual or HUF with a banking company, a post office, co-operative society engaged in banking business, etc. (Subject to certain conditions)	100% of amount of such income subject to maximum of ₹10,000	Interest on Post Office Savings Bank is exempted up to ₹3,500/- in a single account and ₹7,000 in a joint account u/s 10(15)(i) of income tax act

(12) Other Provisions to be adhered by the DDO/ Paying Officer while making TDS from Salary:

(i) Deduction of Tax at Lower Rate:

If the jurisdictional TDS officer of the Taxpayer issues a certificate of Non Deduction or Lower Deduction of Tax under section 197 of the Act, in response to the application filed before him in Form No 13 by the Taxpayer/employees, then the DDO should take into account such certificate and deduct tax on the salary payable at the rates mentioned therein (Ref **Rule 28AA**). The Unique Identification Number of the certificate is required to be reported in Quarterly Statement of TDS (Form 24Q).

(ii) DDOS to satisfy themselves about the genuineness of claim:

The Drawing and Disbursing Officers/authorized person of the employer should satisfy themselves about the actual deposits/subscriptions/payments made by the employees, by calling for such particulars/ information as they deem necessary before allowing the aforesaid deductions. In case the DDO is not satisfied about the genuineness of the employee's claim regarding any deposit/subscription/payment made by the employee, he should not allow the same, and the employee would be free to claim the deduction/rebate on such amount by filing his return of income and furnishing the necessary proof etc., therewith, to the satisfaction of the Assessing Officer.

Conclusion: While concluding, it may be noted that, the DDO/Paying Officer authorized for payment of salary shall ensure

proper compliances to the provisions of income tax laws and circulars issued from time to time by CBDT in respect of TDS on salary and allow legitimate claim of employees after due verification and satisfaction. Usually **CBDT issues a Circular** related to **“TDS on payment of Salary”** every year citing the provisions, procedures and obligations of employer and employee which is expected for issue in the month of January 2018 (For AY 2018-19). At the same time the employee should also ensure for submission of claims along with relevant documents/declarations in time in respect of any deduction or exemption for consideration by DDO/Paying Officer for deduction of TDS on payment of salary.

Obligations of DDO/Authorized persons of Employee who is responsible for deduction of tax at source and other relevant provisions and compliances - WILL BE PUBLISH IN THE NEXT VOLUME OF TAX BULLETIN.