

THE BHOPAL SCHOOL OF SOCIAL SCIENCES

Circular

Ref: BSSS/2016-17/TDS/ 1345

Date: 28-11-2016

According to the income tax guidelines, every employer is required to estimate the tax liability of its employee's deductible at source and to deduct tax at an average rate. For this purpose the employer is required to determine the salary payable to the employee and accordingly compute the tax liability. The employer has to estimate this tax liability at the very beginning of the financial year in accordance with the following sequence of steps:

- (1) The employer has to first compute the gross salary payable to the employee during the year taking into account any salary received/receivable by the employee from any other employer/former employer.
- (2) The gross salary is to be reduced by those payments which are exempt from taxation.
- (3) Deductions u/s 16 are to be reduced from the above amount to arrive at the net salary payable.
- (4) Income chargeable under any other head as reported by the employee is to be added and accordingly the gross total income (GTI) is to be computed.
- (5) Deduction U/S 80A for which the employee is eligible is to be reduced from gross total income and thus the total income is to be computed.
- (6) On the basis of the rates in force, the tax liability on the total income of the employee is to be computed.
- (7) The tax liability so computed is to be increased by the surcharge payable (if any) and education cess payable at prescribed rate, to arrive at the total tax payable.
- (8) 1/12th of this total tax payable is to be deducted every month by the employer.

For this purpose, all employees are requested to update their bank passbook/statements and give a true representation of their income. Accounts department will not be responsible for individual income declaration. Also all employees are requested **not** to approach accounts department for their income details. Details of regular deductions by the college is as follows:

- Employees who are covered under EPF scheme: – EPF Rs. 1800/- + PT Rs. 208/- = Rs. 2008/- p.m.
- Employees who are covered under EPF scheme but drawing gross salary above 1,80,000/- p.a Rs. 208/- p.m. (total PT 2500/- p.a).

For claiming the deductions of interest of house building loan, the employees shall be required to submit provisional certificate from the bank in respect of Principal/Interest payable/ paid during financial year 2016 – 17.

Those who are claiming deduction u/s 80G should furnish (a) Name and address of the Trust (b) Name of the donor (c) Amount Donated (d) Reg. No. of Trust u/s 80G along with its validity.

Furnishing of self-attested copy of PAN number is mandatory. In case of non-compliance of this statutory requirement, salary of such default employees for the month of Feb 2017 would not be processed till such time they comply with the said statutory requirement.

Fr. Dr. Johnney P.J.
Principal

Documents to be submitted along with declaration form

- All documents related to tax exemption in original along with a copy
- Copy of Rent Agreement (notarised/registered) duly self attested
- Copy of Provisional certificate of Housing loan for the Financial year 2016 – 17, if applicable
- PAN card of landlord, if applicable
- Documents under 80G if applicable

Important Dates to Remember

Requirement	Action By	Date
IT Declaration form/formats to be circulated to employees	Accounts Office	28-11-2016
Documentary proof of investment, saving certificate and all other tax saving instruments must be submitted to the Accounts Office	Employees	Self-attested saving proofs for the current savings by 16th Dec, 2016 . Genuine savings evidences by 10th, Jan, 2017 .

Date:

The Principal
Bhopal School of Social Sciences
Bhopal

Sir,

Sub: Submission of Proof of savings for Income Tax – Financial Year 2016 – 17

Please find enclosed herewith my declaration of tax savings and other income during the financial year 2016 – 17 duly supported with the documentary evidence(s) & self-attested as per the following arrangements:

1. I certify that particulars furnished are true and correct to the best of my knowledge and belief.
2. I also certify that these savings have been made/proposed savings will be made by me from my own salary income and all other sources.
3. Proof of the proposed savings declared will be submitted latest by 16th December 2016.
4. I understand if I am unable to submit the self-attested saving proofs for the current savings as well as of proposed savings by 16th December 2016 & genuine savings evidences by 10th Jan 2017, due tax may be deducted from my salary for the month of Feb 2017 without any further intimation to me.
5. I will be personally responsible to Income Tax Department, Govt. of India, for all information pertaining to income tax assessment.

Thanking you,

Yours faithfully,

.....

Signature

Name:

PAN.:

Mob:

E-Mail id:

Declaration Form of Total Income and Tax Liability

Name:

Pan No.

A.	Income from Salaries: Gross Salary (2016-17) Less: Deduction U/S 16: (i) Entertainment Allowance [U/S16(ii)] (Only for Govt. Employees) (ii) Professional Tax/ Employment Tax [U/S16(iii)] (Rs.1500 or Rs. 2500)	Nil .....	..... .....	..... .....(A)
B.	Income from House Property: i) Self Occupied House: Annual Value Less: Interest on Loan (Maximum Rs. 200000) Loss from Self Occupied House ii) Let Out House: Gross Annual Value Less: Municipal Taxes (Local Taxes)paid by owner Annual Value Less: Deduction U/S 24: (i) 30% of Annual Value (ii) Interest on Loan (No Limit Applies)	Nil ..... ..... ..... ..... ..... .....	..... ..... ..... ..... ..... .....	..... .....(B) .....(C)
C.	Income from Capital Gains			.....(D)
D.	Income from Other Sources: Interest on Bank Deposits Interest received on delayed refund of Income tax Income of Royalty from books published Remuneration received by a teacher for doing examination work Remuneration received for writing articles in Journals, etc Any other Income (Specify)			.....(E)
E.	Gross Total Income (A+B+C+D)			.....(F)
F.	Less: Deduction : (i) U/S 80 C/ U/S 80 CCC/ U/S 80 CCD(I)/ U/S 80 CCD(1B)/ U/S 80 CCE (Maximum Rs. 150000)(Upto Rs. 200000 if additional investment is made in NPS) (ii) Medical Insurance Premium (Paid Other than Cash) U/S 80 D (Maximum Rs. 25000 and Rs. 30000 for Senior citizens) (iii) Expenditure on Medical treatment, training and rehabilitation of a disabled dependant U/S 80DD (Disability- Rs. 75000 & Severe Disability- Rs. 125000.)			..... ..... .....

(iv) Medical Treatment U/S 80DDB	.....
(v) Interest on Loan for Higher Studies U/S 80E (Maximum Deduction-Actual Amount paid)	.....
(vi) Donation U/S 80G	.....
(vii) Salaried employee not getting HRA- Amount paid for House Rent U/S 80GG	.....
(viii) Interest on Savings Accounts U/S 80TTA (Upto Rs. 10000.)	.....
(ix) Income of Disabled person U/S 80U (Disability- Rs. 75000 & Severe Disability- Rs. 125000.)	.....
(x) Any other deductions U/S 80 (Please Specify)	.....	.....(F)
G. Total Income (E-F)		.....(G)

Tax on Total Income	.....
Less: Rebate U/S 87A (Upto Rs. 5000 if Total Income does not exceeds Rs. 500000 p.a.) :	.....
Add: Surcharge @15% if Income is more than one crore	.....
Add: Education Cess & SHEC @ 3%	.....
Gross Tax Liability	.....

I here by declare that Information as stated above is true and correct. I also authorize the BSSS Management to recover tax (TDS) from my salary based on the declaration/documents submitted by me. I am personally liable to Income Tax proceedings for any misstatements in the declaration or proofs submitted herewith if they are inconsistent with the requirement of Income Tax Act, 1961.

I solemnly declare that to the best of my knowledge and belief the information given above is correct and complete.

Date:

Place:

Signature

FORM NO. 10BA

[See rule 11B]

Declaration to be filed by the assessee claiming deduction under section 80GG

I/We _____ (Name of the assessee with permanent account number) do hereby certify that during the previous year _____ I/we had occupied the premise _____ (full address of the premise) for the purpose of my/our own residence for a period of _____ months and have paid Rs. _____ in cash/through crossed cheque, bank draft towards payment of rent to Shri/Ms/M/s _____

(Name and complete address of the landlord).

It is further certified that no other residential accommodation is owned by

1. me/my spouse/my minor child/our family (in case the assessee is HUF), at _____ where I/we ordinarily reside/perform duties of office or employment or carry on business or profession, or
2. me/us at any other place, being accommodation in my occupation, the value of which is to be determined u/s 23(2)(a)(i) or u/s 23(2)(b).

Place:

Signature of Landlord

Date:

Name:.....

Address:.....

.....

I. Deductions from Salary Income: The deductions are allowable from the salary income as specified in Section 16 of the IT Act and are being given below:

1. Entertainment allowance: With effect from A.Y. 2002-03, this deduction is admissible only to government employees to the extent of Rs.5,000 or 20% of salary whichever is less.

2. Professional/Employment Tax: Professional Tax Slab Rate in Madhya Pradesh:

Monthly Salary/Income	Professional Tax Levied
Salary up to Rs.14,999	No tax levied
For salary above Rs15,000	Rs.208 for 11months and Rs.212 for one month (Rs. 2500/- per annum.)

II. Computation of Income under the head “ Income from house property”:

The following details shall be furnished by the employee in respect of loss claimed under the head “ Income from house property” separately for each house property:

1.	Gross annual rent/value	
2.	Municipal Taxes paid, if any	
3.	Deduction claimed for interest paid, if any	
4.	Other deductions claimed	
5.	Address of the property	
6.	Amount of loan, if any; and	
7.	Name and address of the lender (loan provider)	

Conditions for Claim of Deduction of Interest on Borrowed Capital for Computation of Income From House Property [Section 24(b)]:

Section 24(b) of the Act allows deduction from income from houses property on interest on borrowed capital as under:-

(i) The deduction is allowed only in case of house property which is owned and is in the occupation of the employee for his own residence. However, if it is actually not occupied by the employee in view of his place of the employment being at other place, his residence in that other place should not be in a building belonging to him.

(ii) The quantum of deduction allowed as per table below:

S. No.	Purpose of borrowing capital	Date of borrowing capital	Maximum Deduction allowable
1	Repair or renewal or reconstruction of the house	Any time	Rs. 30,000/-
2	Acquisition or construction of the house	Before 01.04.1999	Rs. 30,000/-
3	Acquisition or construction of the house	On or after 01.04.1999	Rs. 2,00,000/- (w. e. f. AY 2015-16)

(c) The employee has to furnish before the employer a certificate from the person to whom any interest is payable on the borrowed capital specifying the amount of interest payable. 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 repaid.

Tax Rates for the Assessment Year 2017-18 (FY-2016-17)

A. Normal Rates of tax for every individual, resident in India, whose age is below sixty years:

<i>Tax Rates</i>	
<i>Taxable Income Slabs</i>	<i>Rates</i>
Up to Rs. 2,50,000	<i>Nil</i>
Rs. 2,50,000 to Rs. 5,00,000	<i>10%</i>
Rs. 5,00,000 to Rs. 10,00,000	<i>20%</i>
Above Rs. 10,00,000	<i>30%</i>

B. Rates of tax for every individual, resident in India, who is of the age of sixty years or more but less than eighty years at any time during the financial year:

<i>Tax Rates</i>	
<i>Taxable Income Slabs</i>	<i>Rates</i>
Up to Rs. 3,00,000	<i>Nil</i>
Rs. 3,00,000 to Rs. 5,00,000	<i>10%</i>
Rs. 5,00,000 to Rs. 10,00,000	<i>20%</i>
Above Rs. 10,00,000	<i>30%</i>

Reducing the amount of Tax

Rebate under Section 87A: The rebate is available to a resident individual if his total income does not exceed Rs. 5,00,000. The amount of rebate shall be 100% of income-tax or Rs. 5,000, whichever is less.

Further Additions to be made to the amount of Tax:

a) Surcharge: The amount of income-tax shall be increased by a surcharge at the rate of 15% of such tax, where total income exceeds one crore rupees. However, the surcharge shall be subject to marginal relief (where income exceeds one crore rupees, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of one crore rupees by more than the amount of income that exceeds one crore rupees).

b) Education Cess: The amount of income-tax and the applicable surcharge, shall be further increased by education cess calculated at the rate of two per cent of such income-tax and surcharge.

c) Secondary and Higher Education Cess: The amount of income-tax and the applicable surcharge, shall be further increased by secondary and higher education cess calculated at the rate of one per cent of such income-tax and surcharge.

Deductions U/S 80A

I. Deduction U/S 80 C

S. No.	Particulars	Amounts
1	Provident Fund Contribution	
2	Life Insurance Premium	
3	Public Provident Fund (PPF)	
4	National Savings Certificate (NSC)	
5	Interest Accrued on NSC (Reinvested)	
6	Unit Linked Insurance Policy (ULIP)	
7	Equity Linked Savings Schemes (ELSS) - Mutual Funds	
8	Payment of Tuition fees for Children (Max 2 Children)	
9	Principal repayment of Housing Loan	
10	Registration charges incurred for Buying House (I year Only)	
11	Infrastructure Bonds	
12	Tax saving Bank Fixed Deposit for 5 Years & above	
13	Post office Term Deposit for 5 years & above	
14	Deposit in Senior Citizen Savings Scheme, 2004	
15	Deposit in Sukanya Samriddhi Account	
16	Any other investments eligible for deduction U/S 80C	
	Total	

Important Note

It is emphasized that as per the section 80CCE the aggregate amount of deduction under sections 80C, 80CCC and Section 80CCD(1) shall not exceed Rs.1,50,000/-. The deduction allowed under section 80 CCD(1B) is an additional deduction in respect of any amount paid in the NPS upto Rs. 50,000/-. However, the contribution made by the Central Government or any other employer to a pension scheme u/s 80CCD(2) shall be excluded from the limit of Rs.1,50,000/- provided under this section.

II. Deduction in respect of health insurance premia paid, etc. (Section 80D)

Section 80D provides for deduction available for health insurance premia paid, etc. which is calculated as under:

S. No.	Persons for whom payment made	Nature of payment	Mode of payment	Allowable Deduction (in Rs)
1	Employee or his family*	<ul style="list-style-type: none"> ❖ the whole of the amount paid to effect or to keep in force an insurance on the health of the employee or his family or ❖ any contribution made to the CGHS or such other scheme as may be notified by Central Government (Finance Act 2013) 	any mode other than cash	Aggregate allowable is Rs 25,000/ (Rs 30000/- for senior and very senior citizen)
2	<ul style="list-style-type: none"> ❖ any payment on account of preventive health check-up of the employee or family, <i>[restricted to Rs 5000/-; cash payment allowed here]</i> 		any mode including cash	
3	<ul style="list-style-type: none"> ❖ Whole of the amount paid on account of medical expenditure incurred on health of a very senior citizen and no amount has been paid to effect of keep in force an insurance on the health of such person 		any mode other than cash	Aggregate allowable is Rs 30,000/
4	Parent or Parents of employee*	<ul style="list-style-type: none"> ❖ the whole of the amount paid to effect or keep in force an insurance on the health of the parent or parents of the employee 	any mode other than cash	Aggregate allowable is Rs 25,000/ (Rs 30000/-

***Aggregate of the sum allowable as deduction under SI No 1, 2 & 3 and 4, 5 &6 above shall not exceed Rs 30000/-**

Here

- i) “family” means the spouse and dependent children of the employee.
- ii) **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.
- iii) **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.

III. Deductions in respect of maintenance including medical treatment of a dependent who is a person with disability (section 80DD):

Under **section 80DD**, where an employee, who is a resident in India, has, during the previous year-

(a) incurred any **expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability;** or

(b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in this regard and **approved by the Board** in this behalf for the maintenance of a dependant, being a person with disability, the employee shall be allowed a deduction of a sum of **Rs 75,000/-** from his gross total income of that year.

However, where such dependant is a person with **severe disability**, an amount Rs 1,25,000/- shall be allowed as deduction subject to the specified conditions.

The deduction under (b) above shall be allowed only if the following conditions are fulfilled:-

- (i) the scheme referred to in (b) above provides for payment of annuity or lump sum amount for the benefit of a dependant, being a person with disability, in the event of the death of the individual in whose name subscription to the scheme has been made;
- (ii) the employee nominates either the dependant, being a person with disability, or any other person or a trust to receive the payment on his behalf, for the benefit of the dependant, being a person with disability.

However, if the dependant, being a person with disability, predeceases the employee, an amount equal to the amount paid or deposited under sub-para(b) above shall be deemed to be the income of the employee of the previous year in which such amount is received by the employee and shall accordingly be chargeable to tax as the income of that previous year.

IV. Deduction in respect of medical treatment, etc. (Section 80DDB):

Section **80DDB** allows a deduction in case of employee, who is resident in India, during the previous year, of any amount actually paid for the medical treatment of such disease or ailment as may be specified in the rules 11DD (1) for himself or a dependant. The deduction allowed is equal to the amount actually paid in respect of the employee or his dependant or Rs. 40,000 whichever is less.

Now the deduction can be allowed on the basis of a prescription from an oncologist, a urologist, nephrologist, a haematologist, an immunologist or such other specialist, as mentioned in Rule 11DD. However, the amount of the claim shall be reduced by the amount if any received from the insurer or reimbursed by the employer. Further in case of the person against whom such claim is made is a senior citizen (60 age years or more) then the deduction upto Rs 60,000/- is allowed and in case of very senior citizen (80 age years or more) the deduction upto Rs 80,000/- is allowed.

For the purpose of this section, in the case of an employee, "dependant" means individual, the spouse, children, parents, brothers and sisters of the employee or any of them, dependant wholly or mainly on the employee for his support and maintenance.

Vide Notification SO No. 2791(E) dated 12.10.2015, Rules 11DD has been amended to do away with the requirement of furnishing a certificate in Form 10-I. A prescription from a specialist as specified in the Rules containing the name and age the patient, name of the disease/ailment along with the name, address, registration number & qualification of the specialist issuing the prescription would now be required.

V. Deduction in respect of interest on loan taken for higher education (Section 80E):

Section 80E allows deduction in respect of payment of interest on loan taken from any financial institution or any approved charitable institution for higher education for the purpose of pursuing

his higher education or for the purpose of higher education of his spouse or his children or the student for whom he is the legal guardian.

The deduction shall be allowed in computing the total income for the Financial year in which the employee starts paying the interest on the loan taken and immediately succeeding seven Financial years or until the Financial year in which the interest is paid in full by the employee, whichever is earlier.

For the purpose of this section -

(a) "approved charitable institution" means an institution established for charitable purposes and approved by the prescribed authority section 10(23C), or an institution referred to in section 80G(2)(a);

(b) "financial institution" means a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act); or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;

(c) "higher education" means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognized by the Central Government or State Government or local authority or by any other authority authorized by the Central Government or State Government or local authority to do so;

VI. Deductions on respect of donations to certain funds, charitable institutions, etc. (Section 80G):

Section 80G provides for deductions on account of donation made to various funds , charitable organizations etc. 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.

No deduction under this section is allowable in case the amount of donation exceeds Rs 10000/- unless the amount is paid by any mode other than cash.

VII. Deductions in respect of rents paid (Section 80GG):

Section 80GG allows the employee to a deduction in respect of **house rent paid by him for his own residence**. Such deduction is permissible subject to the following conditions :-

(a) the employee has not been in receipt of any House Rent Allowance specifically granted to him which qualifies for exemption under section 10(13A) of the Act;

(b) the employee files the declaration in Form No.10BA. (**Annexure X**)

(c) The employee does not own:

(i) 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

(ii) 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.

(d) He will be entitled to a deduction in respect of house rent paid by him in excess of 10% of his total income. The deduction shall be equal to 25% of total income or Rs. 5,000/- per month, whichever is less. The total income for working out these percentages will be computed before making any deduction under section 80GG.

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

VIII. Deduction in respect of interest on deposits in savings account (Section 80TTA):

Section 80TTA has been introduced from the Financial Year 2012-13 and it allows to an employee from his gross total income if it includes any income by way of interest on deposits (not being time deposits) in a savings account, a deduction amounting to:

(i) in a case where the amount of such income does not exceed in the aggregate ten thousand rupees, the whole of such amount; and

(ii) in any other case, ten thousand rupees.

The deduction is available if such savings account is maintained in a

(a) banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act);

(b) co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); or

(c) Post Office as defined in clause (k) of section 2 of the Indian Post Office Act, 1898,

For this section, "time deposits" means the deposits repayable on expiry of fixed periods.

IX. Deductions in respect of a person with disability (section 80U):

Under **section 80U**, in computing the total income of an individual, being a resident, who, at any time during the previous year, is certified by the medical authority to be a **person with disability**, there shall be allowed a deduction of a sum of **Rs 75,000/-**. However, where such individual is a person with **severe disability**, a higher deduction of **Rs 1,25,000/-** shall be allowable.