

**COMPUTER BILLING SECTION
NEW DELHI MUNICIPAL COUNCIL
PALIKA KENDRA: NEW DELHI**

Ref No: AO (CBS)/D:609

Dated: 12/10/11

CIRCULAR

As per the provision of Section 192 of the Income Tax Act 1961, person responsible for paying any income chargeable under the head Salaries shall, at the time of payment, deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made, on the estimated income of the assessee under the head "Salaries", after allowing the permissible deductions.

To avoid any chance of excess deduction of Income Tax, all Municipal employees are advised to submit to Sr. A.O. (CBS & A/Cs) an undertaking about anticipated Investments/ Savings eligible for deductions against Salary Income on a plain paper on the basis of estimated income during the Financial year 2010-11 relevant to the Assessment year 2011-12 and also other income, if any, along with perquisites by **15.11.2010 positively**.

Exemptions and Deductions are available on various expenditures/investments under different sections of the Income Tax Act, 1961 for the F.Y 2010-11 relevant to the income tax assessment year 2011-12, as explained hereunder (for details refer Income Tax Act and other circulars relate there to):-

- i. **Exemption is allowed in respect of HRA to meet the expenditure actually incurred as rent against residential accommodation. Employees drawing HRA more than Rs.3000/p.m. and intend to avail rebate of HRA should produce rent receipts.**
(Section 10)
 - ii. Professional Tax paid.
(Section 16(i))
 - iii. **Entertainment Allowance limited to one-fifth of salary or Rs. 5000/- whichever is less.**
(Section 16(ii))
 - iv. **Life Insurance Premium payment limited to 20% of sum assured, P.F., PPF, NSC, ULIP, Subscription to Units of any Mutual Fund eligible for rebate/deduction, Contribution to any Pension Fund set up by any Mutual Fund, Subscription to any deposit scheme of National Housing Bank, tuition fees paid limited to 2 children, any installment or part payment of an amount borrowed for construction/ purchase of residential property from bank/ Govt./ LIC /Co-operative Bank/ Housing Board/ Development authority etc. Fixed deposit for a minimum period of 5 years in SBI/Public Sector Bank or Scheduled Bank.**
(Section 80-C)
 - v. **Contribution upto Rs. 1,00,000/- per annum to New Pension Fund introduced by LIC or any other insurer notified by Central Govt.**
(Section 80 CCC)
 - vi. **Contribution to New Pension Scheme limited to 10% of salary.**
(Section 80 CCD)
 - vii. **Govt. Contribution to the New Pension Scheme Limited to 10% of the Salary**
(Section 80CCD)
- Please note that the aggregate amount of deduction u/s 80-C, 80-CCC and 80-CCD shall not exceed one lac rupees.**
(Section 80 CCE)
- viii. (a) The whole of the amount paid to effect or to keep in force an insurance on the health of the assessee or his family not exceeding in the aggregate Rs.15000/-.
(b) The whole of the amount paid to effect or to keep in force an insurance on the health of the parent or parents of the assessee not exceeding in the aggregate Rs.15000/-.
(Section 80-D)
 - ix. **Long term Infrastructure Bonds(notified by Central Government) upto Rs.20000/-**
(Section 80-CCF)
 - x. **Amount incurred on medical treatment of any dependant due to disability subject to maximum of Rs.50,000/- and Rs.1,00,000/-in case of severe disability.**
(Section 80-DD)
 - xi. **Actual expenditure limited to Rs.40000/- by the employee or a dependant suffering from Cancer or AIDS.**

- xii. Interest paid on loan borrowed from any financial institution or charitable institution for purpose of higher education. (Section 80-E)
- xiii. Any donation for charitable purpose. (Section 80-G)
- xiv. Amount of expenditure on medical treatment of the employee due to disability subject to maximum of Rs.50,000/- & Rs.1,00,000/- in case of severe disability. (Section 80-U)

The salient features of The Finance Act 2010 are as under: -

Income Tax Rates for the F.Y-2010-11 (A.Y-2011-12)

<u>Taxable Income</u> <u>Rs.</u>	INCOME TAX	
	<u>Women (Below 65 years)</u> <u>Rs.</u>	<u>Others (Below 65 years)</u> <u>Rs.</u>
<u>Upto 1,60,000</u>	<u>NIL</u>	<u>NIL</u>
<u>1,60,001 to 1,90,000</u>	<u>NIL</u>	<u>10% of Income exceeding Rs. 1,60,000</u>
<u>1,90,001 to 5,00,000</u>	<u>10% of Income exceeding Rs.1,90,000</u>	<u>10% of Income exceeding Rs. 1,60,000</u>
<u>5,00,001 to 8,00,000</u>	<u>Rs.31,000/- + 20% of Income exceeding Rs.5,00,000-</u>	<u>Rs.34,000/- + 20% of Income exceeding Rs.5,00,000-</u>
<u>8,00,001 and above</u>	<u>91,000 + 30% of income exceeding Rs. 8,00,000-</u>	<u>94,000 + 30% of income exceeding Rs. 8,00,000</u>

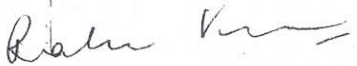
- No Surcharge shall now be levied.
- Education Cess @2% and Secondary and Higher Education cess @ 1% (ie totaling to 3%) shall be added on the Income Tax amount computed at the rates mentioned above.

In case the anticipated Tax Savings declarations based on required documents is not received in CBS by 15.11.2010, deduction of Income Tax will be made from estimated average rate of monthly installments from the salary of the employees on the basis of information whatsoever is available in CBS.

The final Income Tax declaration on printed proforma will have to be submitted by all Municipal Employees/ Officers to CBS latest by 14.01.2011 as per past practice to enable them to release the salary of Feb -2011 in time.

All the employees are required to intimate their PAN Number immediately if not intimated till date to CBS. In case any employee has not got allotted the PAN number, he should apply in Form 49A for allotment of the same immediately and inform to CBS.

All the Head of Deptts. are requested to bring the contents of this circular to the notice of all the staff working under their control for strict compliance. All concerned may please note that once Income Tax is deducted at source and deposited with the designated Bank of Income tax Department, no refund will be made subsequently at our end as provided under Income Tax Act,1961.


(Rakesh Kumar)
Chief Accounts Officer