



नई दिल्ली नगरपालिका परिषद

OFFICE OF THE ACCOUNTS OFFICER (CBS)  
NEW DELHI MUNICIPAL COUNCIL  
PALIKA KENDRA, PARLIAMENT STREET  
NEW DELHI-110001

Ref No: D-29.5559/2019/CBS/2019

Dated: 16/12/2019

**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 A.O.(CBS) an undertaking about anticipated Investments/ Savings eligible for deductions against Salary Income on a plain paper/declaration form on the basis of estimated income during the Financial year 2019-20 relevant to the Assessment year 2020-21 and also other income, if any, along with perquisites by 15.01.2020 positively.

Exemptions and Deductions are available on various expenditures/investments under different sections of the Income Tax Act, 1961 for the F.Y 2019-20 relevant to the income tax assessment year 2020-21 as explained hereunder (for details refer Income Tax Act, circulars and notification issued/relate there too) and following Rule 26C for furnishing of evidence of claims by employee for deduction of tax under section 192 in form No. 12BB for the purpose of estimating the employee income or computing the tax deduction at source:-

- (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, declaration in form 12BB [Rule 26C] (Name, address and permanent account number of the landlord/landlords where the aggregate rent paid during the previous year exceeds rupees one lakh) and in case the landlord does not have a PAN, a declaration to this effect from the landlord, along with the name and address of the landlord should be provided. (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) Interest allowed upto Rs.2,00,000/- for self occupied property. (Section 24)
- (v) Life Insurance Premium subject to a maximum of 20% of sum assured for policies on or before 31.3.2012 and 10% of sum assured for policies taken on or after 1.4.2012, 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)
- (vi) Contribution upto Rs. 1,50,000/- per annum to New Pension Fund introduced by LIC or any other insurer notified by Central Govt. (Section 80 CCC)
- (vii) Contribution to New Pension Scheme limited to 10% of salary. (Section 80 CCD-I)
- (viii) Govt. Contribution to the New Pension Scheme Limited to 10% of the Salary. (Section 80CCD-2)
- (ix) Additional exemption up to Rs 50,000 in New Pension Scheme (Tier-1). (Section 80CCD-1B)

Please note that the aggregate amount of deduction u/s 80-C, 80-CCC and 80-CCD (I) shall not exceed one lakh fifty thousand rupees (Rs.1,50,000/- for AY 2020-21), However, deduction u/s 80CCD-2 and 80CCD-IB shall be available in addition to this limit. (Section 80 CCE)

- (x)
- Mediclaim Policy (Max. Rs.25,000/-)-assessee.
  - Additional deduction Rs.5000/- (if policy is taken on the life of a senior citizen)
  - Additional deduction of 30,000 is provided to an individual assessee to effect or to keep in force insurance on the health of the parent or parents of the assessee or for medical expenditure in case of non insured super senior citizen (80 years and above)- (Max. Rs.30,000/-)

Note:-