

01.01.2025

Payroll
General Rules to be followed while checking Form
C for the Financial Year 2024 - 25 for getting
deduction/tax rebate

For Larsen & Toubro Limited
Group of companies



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1. Exemptions in respect of Allowances

➤ **House Rent Allowance – u/s 10 (13A)**

Original rent receipts from the landlord are to be kept along with Form C. The employee who is residing in his accommodation is not eligible for the exemption. The amount of exemption will be restricted to least of the following:

- The actual HRA received or
- Excess of rent paid over 10% of salary (Basic + DA + ADA)
- 50% of salary (Basic + DA + ADA) if accommodation is located at Kolkata, New Delhi, Mumbai & or Chennai, otherwise deduction would be 40% of salary (Basic + DA + ADA)

The relationship between the owner of the employee should be noted in Form C.

The employee should submit the PAN of the Landlord if the rent for the year exceeds Rs 100,000/- or Rs 8333/- per month.

Revenue stamped* and signed Rent Receipts for the rent period or notarized/registered Lease- agreement, if rent is above Rs.25,000 per month then rent receipt and agreement / notarized agreement is mandatory.

***Only Karnataka and Orissa employees are exempted as revenue stamps are not available there.**

HRA can be claimed only if Agreement is in the name of the Employee. Agreement made in name of any other family member or relative will not be considered for exemption. If there is a Joint Agreement, Proportionate HRA can be claimed.

➤ **Medical allowance – Not required**

Medical Allowance is Disallowed from FY 2018-19. Hence submission of Original Medical bills is not required. The Exemption is covered under Standard Deduction of **Rs.50000/-** under 16(ia), which is already considered in Form 16/ Final tax calculations.

➤ **Children Education Allowance - u/s 10 (14)**

Education Allowance is exempted to the extent of Rs. 100 per child per month upto a maximum of two children. The Number of Children are to be declared in Form C

2 Deductions from Gross Total Income

2.1 Deductions in respect of Investments made (Section 80 C)

Gross qualifying amount under this section is the aggregate of the following details given subject to Maximum of Rs. 150,000 /-

2.1.1 Life Insurance Premium :

- The policy should be in the name of the employee, spouse, children or jointly.
- Policy can also be taken on dependent siblings. However, the premium has to be paid from the income of the Employee.
- The date of premium should be of current Financial Year
- In case the amount of premium paid during the year on any insurance policy other than a contract for deferred annuity exceeds twenty percent of the actual capital sum assured (Policy taken upto 31.03.2012), an amount of only twenty percent of the actual capital sum assured should be reckoned for the purpose of calculation of rebate.
- In case of Insurance policy issued on or after 01.04.2012, only 10% of the actual capital sum assured will be allowed as deduction.
- Late Fee/ other Charges/applicable taxes not to be considered.
- The actual capital sum assured will not include any premiums agreed to be returned and any benefit such as bonus etc. received over and above the sum actually assured.
- Original payment receipts should be verified and a copy to be retained for records except in the case of a salary saving scheme.
- **Any premium due for payment in February and March after submission of form C needs to provide proof of last year's paid receipt.**

2.1.2 National Saving Certificate :

- The certificate should be in the name of the employee or jointly with the spouse or minor children.
- Copy of the certificate/s or copy of passbook is required.
- Subscription to NSC is eligible only if the same is purchased in the current Financial Year. Interest on NSC is not eligible for deduction from Taxable Income u/s 80C.
- Deduction would be provided only basis the actual payment receipts.
- Original certificates to be verified and copy to be retained for records.
- Accrued interest on NSC VIII issue is also deemed as reinvestment in NSC. The factor to be applied per thousand is as under:

NSC's Purchased

FY	Factor
2018 - 2019	101
2019 - 2020	92
2020 - 2021	73
2021- 2022	68
2022-2023	70
2023-2024	78

2.1.3 Public Provident Fund :

- The account should be in the name of the employee or spouse or minor children.
- Copy of front page of passbook providing account holder's details and statement showing deposit towards PPF in current financial year.
- Exemption will be provided only on the basis of actuals paid.
- Original receipts/Passbook to be verified and a copy to be retained for records.

2.1.4 Fixed Deposit:

- Fixed deposit should be with scheduled bank & for the term of minimum of 5 years and above.
- Subscription to Tax Saver Fixed Deposit is eligible only if the same is purchased in the current Financial Year.
- The Fixed Deposit should be in the name of the employee in case of the single holder type term deposit.
- In the case of joint holder type deposit, the deduction from income under section 80C of the Act shall be available only to the first holder of the deposit.
- FD receipt should have 'Tax Free' / 'Tax Saver u/s 80C' clearly mentioned on it.
- Deduction would be provided only basis the actual payments.
- Original FD receipt to be verified and a copy to be retained for records.

2.1.5 ULIP, 1971 of UTI/LIC Mutual Fund:

- The policy should be in the name of the employee, spouse, children or jointly.
- Late Fee/ other Charges/applicable taxes not to be considered.
- Original receipts regarding premium paid to be verified and a copy retained for records.

2.1.6 Equity Linked Savings Scheme :

- The investment should be only in the name of the employee.
- Subscription to ELSS is eligible only if the same is a Tax Saver Scheme. All Mutual Fund Schemes are not Tax Saver Schemes and hence any investment in a Mutual Fund is eligible only if it is a Tax Saver Scheme.
- Original receipts/ statement for the payment made should be verified and a copy to be retained for records.

2.1.7 National housing bank (NHB).

- Any amount paid as subscription made to Home loan account scheme of the National housing bank (NHB).

2.1.8 Principal Repayment of Housing Loan :

- The deduction will be allowable in respect of payments made during the year for the purchase or construction of **residential house**. The following payments are eligible for the purpose of rebate:
 - Repayment of amount borrowed by the employee from Central or any State Government or any Bank including any co-operative bank or LIC or NHB or institutions engaged in the business of providing long term finance for construction or purchase of residential house in India or any public limited company or co-operative society engaged in the business of financing the construction of houses or the Employer.
 - Stamp duty, registration fee and other expenses for the purpose of transfer of such house property to the employee.
- The payments made towards the following are not eligible for rebate:
 - The admission fee, cost of share and initial deposit to become a shareholder or member of the society.

- The cost of addition or alteration to, or renovation or repair of, house property which is carried out after the issue of the completion certificate or after the house property or part thereof is occupied by the employee or any other person on his behalf.
- Any expenditure in respect of which deduction is allowable u/s 24 of the Act (i.e. interest on loan borrowed for the purchase / construction of house property)
 - The house must be completed before 31st March of the respective financial year. The house completion certificate should be annexed along with the Form C. The same can be from Municipal Corporation or Architect or Society Share Certificate. If jointly owned, the first name of the property should be of the employee.
 - Housing loan interest for the period up to the date of completion of the acquisition or construction can be claimed in five equal installments from the year in which construction / acquisition is completed.
 - Current financial year provisional bank loan interest certificate issued by the lending institution / bank. (Bank statement not accepted).

2.1.9 Tuition fees

- Tuition fees paid to school, college, university or other educational institutes ***situated in INDIA for full time education***. This does not include donation / development fees or payment of similar nature such as bus fees, exam fees, library fees-deposit, private tuition fees etc.
- The Fees can be claimed only for Self Children.
- Original tuition fee receipts are required to be verified and copy to be retained for records.

2.1.10 Sukanya Samriddhi Yojana:

- Sukanya Samriddhi scheme is predominantly launched as a part of “Beti Bachao Beti Padhao campaign”. Sukanya Samriddhi is small deposit scheme for girl child.
- The Investment made under the Scheme is Exemption under limit of Rs 150000/- under section 80C.
- Copy of front page of passbook and statement of deposits in current financial year.

- Original receipts/Passbook to be verified and a copy to be retained for records.
- Exemption will be provided only on the basis of actuals paid.
 - Sukanya Samriddhi Account can be opened at Post office or at designated bank branches for girl child not be more than 10 years of age on her name by her parents.
 - Minimum deposit amount under this scheme is Rs.250/- and maximum is 1.5 Lac per annum for 15 years.
 - The maturity of the account is 21 years from the date of opening of account. 50% withdrawal is allowed for higher study of girl child after 18 years of age.

2.2 Section 80CCC Tax deduction for Contribution to Pension Fund

- Contribution to Pension Fund of LIC or other insurance co. or to the Pension scheme of central government maximum up to Rs. 150,000 /-.
- Current financial year premium paid / deposit receipts towards specified annuity plans are required.
- Late Fee/ other Charges/applicable taxes not to be considered.

2.3 New Pension Scheme (NPS) Section 80CCD (1)

- Section 80CCD relates to the deductions available to individuals against contributions made to the 'National Pension Scheme (NPS)' or the 'Atal Pension Yojana (APY)'.
 - Section 80CCD allows an employee, being an individual employed by the Central Government or any other employer, on or after the 1-1-2004, a deduction of an amount paid or deposited out of his income chargeable to tax under a pension scheme as notified or as may be notified by the Central Government.
 - The below Amended limit is including the Limit of 80C Rs 150000/-
- A) Conditions: for 80CCD (1), Whichever is less from below
- 10 % of Basic Salary and Dearness Allowance
 - 150000/- Maximum Exemption Limit, or
 - Actual NPS Contribution
- B) Conditions for 80CCD (2), Whichever is less from below
- Maximum Limit Rs 50000/- , or
 - Gross NPS contribution Less exemption given u/s 80CCD(1) for NPS = Balance NPS

2.4 Overall Deduction Limit – Section 80CCE

- As per Section 80CCE, deduction can be claimed by an assessee upto Rs. 1,50,000 for the payments / contributions made under Sections 80C, 80CCC and 80CCD (contribution to new pension scheme of Central Government).

2.5 Rajiv Gandhi Equity Savings Scheme, 2012 (Section 80CCG)

- It is applicable to resident Individual, **being a new retail investor**, who acquires listed equity shares as per the **notified Equity Savings Scheme**.
- Amount of deduction allowed is 50% of amount invested in such equity shares, maximum upto Rs. 25,000 /-
- The deduction will be allowed **only for 1 assessment year** with a **lock-in period of 3 years** and for those individuals only **whose gross total income** for the relevant assessment year is **not exceeding Rs. 10 Lakhs**
- If any of the conditions is violated, the amount of deduction will be deemed as income for the year in which the violation has occurred.
- The amount invested by any employee can be claimed during the filing of personal Income tax returns. **The same will not be considered in Form C**

2.6 Medical Insurance Premium (Section 80D)

- The premium should be **paid by any mode including cash** by the employee on his health or on the health of his spouse or dependent parents or dependent children.
- This insurance scheme should be in accordance with a scheme framed by the General Insurance Corporation of India and approved by the Central Government. In the case of a scheme framed by any other insurer, it should be approved by Insurance Regulatory and Development Authority.
 - Deduction is restricted to the actual insurance premium paid for insurance of Self, Spouse and dependent children or Rs 25,000/- (Rs. 50000 in case any person insured is Senior Citizen) whichever is lower.

- For insurance on health of any parent or parents- Maximum Rs 25,000/- (Rs 50000 in case any person insured is a Senior Citizen)
- Original receipt regarding the payment should be verified and a copy of the receipt retained on record.
- This section has been amended to include any payment made on account of preventive health check-up of self, spouse, dependent children or parents(s) during the previous year as eligible for deduction within the overall limits of Rs 25000/- prescribed in the section. However, the deduction on account of expenditure on preventive health check-up (for self, spouse, dependent children and parents) shall not exceed in the aggregate Rs.5,000.

2.7 Medical treatment of handicapped dependents (Section 80DD)

- Deductions in respect of :-
 - any expenditure incurred on medical treatment (including nursing), training and rehabilitation of a dependent, being a person with disability; or
 - An amount paid or deposited by the employee under any scheme framed in this behalf by the LIC or any other insurer and approved by the Board.
- The term “dependent” means - the spouse, children, parents, brothers and sisters of the individual or any of them.
- The term “disability” means - blindness, low vision, leprosy-cured, hearing impairment, locomotors disability, mental retardation and mental illness.
- The term “person with disability” means - a person suffering from not less than forty percent of any disability aforementioned as certified by a medical authority, being a hospital or institution notified by the Government.
- The term “severe disability” means - a person with eighty percent or more of one or more of the aforementioned disabilities.
- Original certificate certifying the disability and disability percentage, obtained from a hospital or institution notified by the government for this purpose should be verified and a copy of it to be retained for records.

- A **flat deduction** of Rs 75,000 or Rs 1,25,000 (for persons with severe disability), on the basis of a declaration by employee certifying the actual amount of expenditure on account of medical treatment including nursing, training and rehabilitation of the aforesaid dependent and receipt/acknowledgment of the amount paid or deposited in the specified schemes of LIC or any other insurer.
- Form 10IA Form to be filled and signed by Government recognized Doctor to avail Deduction u/s 80DD.

2.8 Medical treatment, etc. for specified disease or ailment (Section 80DDB):

- Deduction of actual expenditure incurred by the assessee for self or dependent for the medical treatment of diseases or ailments prescribed in rule 11DD (1) of the Income tax rules, 1962. The specified diseases are Neurological diseases, Cancer, Full blown AIDS, Chronic Renal failure, Hemophilia and Thalassemia.
- The term dependent means the spouse, children, parents, brothers and sisters of the individual or any of them dependent mainly on such individual for his support or maintenance.
- Copies of the bills and medical certificate as aforementioned should be kept along with Form C after verifying with the originals.
- The deduction will be equal to the amount actually spent or Rs 40,000, whichever is less. If the person for whom the expenditure is made is 60 years or more, then the limit will be taken as amount actually spent or Rs 100,000, whichever is less.
- The certificate can be taken from a Specialist. Patients getting treated in a private hospital are not required to take the certificate from a government hospital.
- Patients receiving treatment in a government hospital have to take the certificate from any specialist working full-time in that hospital. Such specialist must have a post-graduate degree in General or Internal Medicine or any equivalent degree, which is recognised by the Medical Council of India.

A certificate in Form 10I is no longer required.

The certificate must have

- name and age of the patient
- name of the disease or ailment
- name, address, registration number and the qualification of the specialist issuing the prescription.
- If the patient is receiving the treatment in a Government hospital, it should also have name and address of the Government hospital.

2.9 Deduction in respect of interest on repayment of loan taken for higher education (Section 80E)

- Loan taken from any financial institution or an approved charitable institution.
- Loan should be for pursuing higher education for SELF, SPOUSE and CHILDREN (full time studies for any graduate or post graduate course in engineering, medicine, management, science, mathematics & statistics).
- Deduction starts from the year from which employee start paying interest.
- Tax benefit available for maximum of 8 years or till loan is fully repaid, whichever is earlier. Amount must be paid out of his income chargeable to tax.
- Certificate from financial institute or charitable trust, showing repayment of principal amount & interest amount during the year.
- Deduction is allowed only for interest payment.
- Current financial year provisional bank loan interest certificate issued by the lending institution / bank. (Bank statement not accepted).

2.10 a Deduction in respect Housing Loan Interest (80EE)

a. Eligibility criteria:

- The deduction under this section is available only to individuals.

b. Amount limit:

- c.** The deduction is up to Rs 50,000. It is over and above the Rs 2 lakh limit under [Section 24](#) of the Income Tax Act.

Conditions to be met for Claiming Deduction

- Value of the house should be Rs 50 lakhs or less
- Loan taken for the house must be Rs 35 lakhs or less
- The loan must be sanctioned by a Financial Institution or a Housing Finance Company
- The loan must be sanctioned between 01.04.2016 to 31.03.2017
- As on the date of the sanction of loan, no other house property must be owned by you.
- Current financial year provisional bank loan interest certificate issued by the lending institution / bank. (Bank statement not accepted).

2.10 b Deduction in respect Housing Loan Interest (80EEA)

- Section 80EEA have been introduced for providing deduction up to Rs.1.50 lakh of interest payable on loan from any financial institution sanctioned during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2022 for purchasing a residential house property in respect of which stamp duty does not exceed Rs.45 Lakh.

a) Eligibility criteria

- The deduction under this section is available only to individuals.

b) Amount of deduction

- A deduction for interest payments up to Rs 1,50,000 is available under Section 80EEA. This deduction is over and above the deduction of Rs 2 lakh for interest payments available under Section 24 of the Income Tax Act. Therefore, taxpayers can claim a total deduction of Rs 3.5L for interest on home loan, if they meet the conditions of section 80EEA.

c) Other conditions

- In order to claim deduction under Section 80EEA, you should not own any other house property on the date of the sanction of a loan.
- Housing loan must be taken from a financial institution or a housing finance company for buying a residential house property.
- Stamp duty value of the house property should be Rs 45 lakhs or less.
- The individual taxpayer should not be eligible to claim deduction under the existing Section 80EE.
- The taxpayer should be a first-time home buyer. The taxpayer should not own any residential house property as on the date of sanction of the loan.

2.11 Deduction in respect of person with disability for Self (Section 80U)

- The deduction can be availed by an employee, being a person with disability, on basis of the certificate from a medical authority.
- A **flat deduction** of Rs. 75,000 is allowed in case of a person with disability and a deduction of Rs. 125,000 is allowed in the case of person with severe disability (disability exceeding 80%).
- The terms – person with disability, medical authority and severe disability will have the same meaning as given for the purposes of Section 80DD above.
- Original certificate certifying the disability, obtained from a hospital or institution notified by the government for this purpose should be verified and a copy of it to be retained for records.
- Individuals suffering from Autism, Cerebral Palsy or any multiple disabilities, would require form number 10-IA certifying Disability percentage to be filled and submitted for them.
- A medical certificate is mandatory when one wishes to claim the deduction with respect to the mentioned disabilities from any Government Hospital. The document should certify the disability of the dependent and the person they are dependent on.
- The certificate needs to be renewed periodically.
-

2.12 Deduction in respect Housing Loan Interest (Section 24)

- Deduction of interest on loan housing loan is Rs. 2 lakhs, including self-occupied/let-out/deemed to be let-out put together.
- **The benefit of self-occupied property has been increased from one property to two house property.**
- If the employee owns more than two house properties, up to two house properties may be considered as self-occupied, whereas others have to be considered deemed to be let-out, if not actually let-out.
- Benefit for Interest on Housing Loan is eligible only in case, the employee has taken possession or due to take possession of of the House Property in the current financial year.
- **At present you could only declare one self occupied property, the second property was considered as deemed to be let out property.**
- According to Section 24, where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of any interest payable on such capital shall be a deduction subject to the following conditions (for a self-occupied property).

- The interest component of home loans is allowed as deduction under Section 24 B for up to Rs 2 lakhs in case of a self-occupied house & let out property.
- In case the house is in the joint name of your spouse and you (joint loan), each one can avail of Rs 2 lakhs interest component deduction.
- You can avail of both the benefits of Home loan and HRA if you are paying rent on your accommodation and have also taken a home loan on your own home. This is subject to your home receiving rental income which is taxable.
- The rented property as occupied by him/her should not be in the same building in which employee has his/ her owned house property.
- Current financial year provisional bank loan interest certificate issued by the lending institution / bank. (Bank statement not accepted).

Additional requirements include below details to be furnished as a compliance under rule 26C

In view of above Form C includes below Details as additional requirement under Deduction of Interest under the head: Income from house property”

To Claim the Deduction of interest on borrowing in Let out property, below details needs to be furnished, along with existing Details;

- 1) Interest payable/paid to the lender
- 2) Name of the lender
- 3) Address of the lender
- 4) Permanent Account Number of the lender (with Validation checks)
 - (a) Financial Institutions (if available)
 - (b) Employer (if available)
 - (c) Others

If the Name of the Landlord and PAN are found to be Dummy at any point of time even after approvals of Form C, the benefit can be withdrawn, as the details are submitted to the Income Tax Department as per notification of the Income Tax Act, 1961.

2.13 Deduction in respect of interest on deposits in savings account (Section 80TTA)

- Deduction under section 80TTA can be availed up to Rs. 10,000/- by an Individual from Gross Total Income towards Interest on saving bank A/c (not being time deposits) maintained with a bank / society / post office.
- The deduction admissible shall be interest received or Rs. 10,000/- whichever is lower.

- The deduction towards interest on all saving accounts taken together cannot exceed Rs. 10,000/-. If the interest on saving bank account received is Rs. 12,500/-, then effectively only Rs. 2,500/- will be taxable.

2.14 Form 12 BAA – Applicability & Benefits-

- The 2024 Union Budget introduced several changes to make tax compliance easier for employers and employees. One such change is the introduction of Form 12BAA, a new document designed to simplify the reporting of non-salary income for salaried individuals.
- With this new form, employees can declare tax deductions or collections from sources outside their regular salary, helping reduce their tax deducted at source (TDS). Let's dive into the details and understand how this form works, its benefits, who needs to use it, and how to fill it out.
- Form 12BAA is a declaration form issued by the Central Board of Direct Taxes (CBDT) in 2024, aimed at helping salaried employees report additional income sources and the tax already deducted from these incomes. Previously, employees could only inform their employers about their income from salary and investments like tax-saving fixed deposits or provident funds. However, with Form 12BAA, they can now disclose income from other sources such as:
 - Interest on fixed deposits
 - Dividends from shares
 - Insurance commissions
 - Income from capital gains
 - Tax collected during large purchases (e.g., buying a car)
- By reporting these deductions or collections, employees enable their employers to adjust TDS calculations, reducing the total tax deducted from their salary and increasing their monthly take-home pay.

3. Declaration by the employee, in Form C on SSC Portal

- It is mandatory to submit the Form C with Declaration, where the undertaking is taken from the employee to abide by the Rules as declared in the Income Tax Act 1961, while submitting the Proofs of Investments for a Financial Year, based on which final Income Tax Liability is calculated.

The Points covered under the declaration are given below:

- 1. I will preserve the original receipts / certificates as shown above and produce the same for verification as and when called.**

2. This is to certify that the above-mentioned residential accommodation for which i have produced rent receipts is not owned by me.
3. I hereby certify that the above-mentioned details are true and correct
4. I hereby declare that the claim for deduction / exemptions is claimed only by me and not by any joint holder
5. I hereby declare that scan copy is taken based on original receipts / certificate as issued by respective authority

NOTE: Form C does NOT flow to Approvers List unless and until the above Declaration is submitted.

4. Approver's Note

- 4.1 Partially Approved Form C are to be re-verified and ensure Fully approved Form C, If Valid Documents / Proofs are submitted during verification. This will ensure that all the Proofs submitted by the employees are considered for Calculation of Income Tax.
- 4.2 All the Values of Investments declared by the employees are to be individually ticked. To ensure that the Amount declared and verified are considered for Calculation of Income Tax
- 4.3 Telephone is not included in Gross Taxable Income of the Employee up to month of January. The Allowance is exempted to the extent of Bills provided in the month of February and March. The Balance is taxable under Perquisites in the end of the financial Year.
- 4.4 Exemption under New Pension Scheme (NPS) can be confirmed from the separate Documents given on NPS Exemption. Savings contributed to in Tier I Account can be considered for exemption under Chapter VIA
- 4.5 Date of the Proofs of Investments should be **between the period 1.4.2024 to 31.3.2025** else the value will not be considered for exemption.
- 4.6 Owner's PAN number is mandatory **for rent above Rs.1 Lacs**
- 4.7 Lender's PAN number is mandatory for exemption of **Housing loan interest**

*****END*****