

MINISTRY OF DEFENCE
Office of the JS & CAO

DEDUCTION OF INCOME-TAX AT SOURCE FOR THE FINANCIAL YEAR 2017-2018

1. As per the Govt. orders, the recovery of tax, as due, from the Pay and Allowances of the employees is required to be ensured by the respective DDOs. As prescribed under Income-Tax Act, the deduction of tax every month on proportionate basis is being made by the Admin sections for the current financial year 2017-18 in majority of cases. Further recoveries if any, are to be regulated in respect of each employee in the ensuing months i.e. in Pay bills for the months of Nov 2017 to Feb 2018.

2. According to the Finance Act. 2017, Income Tax is required to be deducted from income for the financial year 2017-18 (Assessment Year 2018-19) at the following rates:-

(a) **For individual Assessee below the age of 60 years** :-

(i)	Income upto Rs. 2,50,000	-	Nil
(ii)	Rs. 2,50,001 to 5,00,000	-	5% of the amount by which the total income exceeds Rs.2,50,000/-.
(iii)	Rs. 5,00,001 to 10,00,000	-	Rs. 12,500/- plus 20% of the amount by which the total income exceeds Rs. 5,00,000/-.
(iv)	Income above Rs. 10,00,000	-	Rs. 1,12,500/- plus 30% of the amount by which the total income exceeds Rs. 10,00,000/-.

3. **Surcharge/Education Cess on income Tax:-**

- (a) Surcharge - Nil (10% of IT in case of income above 50 lakhs and 15% of IT in case of income above 1 Crore)
- (b) Education Cess - 2% of Income Tax
- (c) Secondary and Higher Education Cess - 1% of Income Tax

4. **New provisions under Finance Act 2017.**

The following amendments have been made to the existing provisions effective from Financial Year 2017-18:-

- (i) **Rate of Income Tax**: The tax rate for individual in the income bracket of Rs.2.5 lakhs (Rs. 3 lakhs in case of individual of the age of 60 yrs or more but less than 80 yrs of age) to Rs.5 lakhs reduced to 5% from the present rate of 10%.
- (ii) **Rebate of Tax u/s 87A** : With effect from the Financial Year 2017-18 a rebate of Rs.2500/- u/s 87A is to be allowed to the individuals whose total income does not exceed Rs.3.5 lakhs.
- (iii) **Surcharge** : Surcharge @.10% of tax payable is levied on individuals whose total income exceeds Rs.50 lakhs but does not exceed Rs.1 crore.

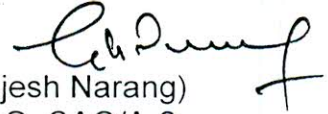
(iv) **Tax exemption to partial withdrawal from NPS** : With effect from Financial Year 2017-18 (AY 2018-19), a new section 10(12B) is inserted to provide exemption from tax at the time of partial withdrawal by an employee in accordance with the terms & conditions specified under Pension Fund Regulatory and Development Authority Act, 2013 and regulations made there under to the extent it does not exceed 25% of the contribution made by him.

5. Submission of annual income tax statement:

All officials whose income exceeds Rs.2,50,000/- during the financial year 2017-18 are required to submit income tax statement as per Proforma enclosed as **Appendix – 'A' & 'B'**, to their respective Admin sections **latest by 15 Oct 2017** positively along with connected documents failing which the tax will be calculated by this office and recovered from Regular Pay Bills of Nov 2017 to Feb 2018.

6. All employees **must indicate their PAN** in their Income Tax Statement. Such employees, who have not yet obtained the PAN should apply for the same immediately and intimate their PAN to their respective admin sections as early as possible. It may be noted that a penalty of Rs. 10,000/- has been prescribed under Income Tax Act for wilfully intimating a false PAN. If an employee fails to furnish his/her PAN to the deductor, TDS will be deducted at higher rates. **It is compulsory for all whose income under Sec192 of IT Act is above taxable limit to furnish PAN to the deductor even though the tax payable is NIL.**

7. The contents of this note may be disseminated to all concerned for their information and strict compliance.


(Rajesh Narang)
SAO, CAO/A-2
Sep 2017

All Branches/Dtes of Army HQ & ISOs
(through Admin Sections)

Copy to:-

1. Sr PPS to JS & CAO
2. PS to All Directors
3. PA to All Dy CAO's
4. All Sections of Admin Gp of CAO's Office
5. CAO/EDP Cell : for uploading on the CAO's website.

**DEDUCTION FOR INTEREST ON BORROWED CAPITAL
UNDER SECTION 24 OF INCOME TAX ACT, 1961**

1. Complete Address of house property in respect of which the deduction is claimed for. : _____
2. Ownership Status (Attach proof) : Self/Jointly held
3. Is the house occupied by the Govt servant for his own residence? : Yes / No.
4. Is the house let out? : Yes / No.
5. Is the house vacant? : Yes / No.
If yes, state reason.
6. Amount of HBA/Housing loan borrowed : Rs. _____
7. When borrowed? : _____
8. Date of acquisition or completion of construction of the house : _____
9. Interest paid (or accrued) on borrowed capital (HBA/housing loan) during the year 2017-2018 (*) : Rs. _____
10. Deduction (u/s 24) allowable (Maximum Rs.30,000 or Rs.2 lakh(#)) : Rs. _____

Place :

Date : Signature of the Assessee.

* = Certificate from the authority sanctioning HBA/housing loan showing interest amount should be furnished.

= Where the property was acquired or constructed through HBA/housing loan borrowed on or after 01 Apr 1999 and acquisition/construction completed **within five years** from the end of the financial year in which capital was borrowed, interest on such borrowed capital is deductible up to a maximum of Rs. 2 lakh.

