



“बेटी बचाओ, बेटी पढ़ाओ”

JAYOTI VIDYAPEETH WOMEN'S UNIVERSITY, JAIPUR

Government of Rajasthan established
Through ACT No. 17 of 2008 as per UGC ACT 1956
NAAC Accredited University

Date- 25.05.2024

Department-Faculty of law And Management

Faculty Name- JV Bhupendra Singh Bisht
(Professor & HOD Department Commerce & Management)

Program- B. COM (Hons.)
Sem. – IV

Subject- Direct Tax (Income Tax)
(Assessment Year 2024-25)

Title- (Different Allowances under Salary Head)

Allowances

Allowances are profits in addition to salary. Various allowances paid by the employer may be divided two categories for the purpose of computation of taxable income.

- (a) Tax-Free allowances
- (b) Taxable allowances

Tax Free Allowance

- (1) Foreign Allowance: - If any govt. employee received foreign allowance then it will be fully tax free but it will be fully taxable for other employee.
- (2) House Rent Allowance:- House rent allowance received by an employee is exempt to the extent of the least of the following amounts:
 - (a) Actual Allowance Received
 - (b) Rent Paid – 10% of Salary
 - (c) 40% of Salary / 50% of Salary (Delhi, Mumbai, Kolkata, Chennai)

Note: → Salary = Basic Pay + Dearness Allowance (Under terms of services) + Commission on Sales.

→ If employee lives in own house and he does not paid rent then it will be fully taxed.

Note: No deduction will be allowed in New Tax Regime

- (3) Special Allowances to Meet Expenses Incurred for Duties of Employment:- Any special allowances, specifically granted to an employee to meet expenses wholly, necessarily and exclusively incurred in the performance of the duties of the employment, as many be prescribed, is exempt to the extent to which such expenses are actually incurred for that purpose. In absence of any information such expenses are fully exempted. The following allowances have been prescribed for this exemption.
 - (a) Travelling Allowance: - Such allowances are exempted up to the limit of actual expenses.
 - (b) Daily Allowance: - Such allowances are exempted up to the limit of

- actualexpenses.
- (C) Conveyance Allowance: - Such allowances are exempted up to the limit of actualexpenses.
- (d) Helper Allowance: - Such allowances are exempted up to the limit of actualexpenses.
- (e) Educational Research Allowance: - Such allowances are exempted up to the limit of actual expenses.
- (f) Uniform Allowance: - Such allowances are exempted up to the limit of actualexpenses.
- (4) Allowances to Meet Personal and to Compensate for Increased Cost of Living: -**
- (i) Children's Educational Allowance:- Rs.100 per month per child maximum of two children.
- (ii) Children's Hostel Allowance: Rs.300 per month per child maximum of two children.
- (iii) Conveyance Allowance (from Residence to Office): -
- (a) For Blind and Handicapped Employee:- Rs.3,200 per month.
- (b) For Other Employee: - Fully taxable
- (iv) Tribal Area Allowance: - Rs. 200 per month is exempted in the following States: Madhya Pradesh, Tamil Nadu, Uttar Pradesh, Karnataka, Tripura, Assam, West Bengal, Bihar and Orissa. (But not exempted in Rajasthan)
- (v) Transport Duty Allowance: - Any Allowance granted to an employee working in transport system to meet his personal expenditure during his duty performed in the course of running of such transport from one place to another place, 70% of such allowance or Rs. 10,000 per month, whichever is less is exempted.
- (vi) Underground Allowance:- For coal mines such allowance is exempted up to the limit of Rs. 800 per month.
- (4) Entertainment Allowance:- If an assessee is in receipt of any entertainment allowance from his employer, it is first included wholly in the income from salary and then deduction will be made from gross salary according to the rule.

Taxable Allowances

Such allowances are fully taxable and included in the income of an employee.

- (1) Dearness allowance
- (2) City compensatory allowance
- (3) Medical allowance
- (4) Rural allowance
- (5) Servant allowance

- (6) Proctorship allowance
- (7) Warden ship allowance
- (8) Project allowance
- (9) Deputation allowance
- (10) Overtime allowance
- (11) Tiffin allowance
- (12) Family allowance
- (13) Lunch allowance
- (14) Other allowance
- (15) Interim relief