Allowances exempted under Rule 2BB

House Rent Allowance (HRA)	
The least is exempted	
A] Actual HRA received	
B] 50% of salary in case of metro city	
40% of salary in case of other cities	
C] Rent Paid - 10% of salary	

Salary for HRA means, Basic pay + D A forming part of salary+ Commission if it is fixed percentage on turnover.

Children Education Allow.	Rs. 100 per month per child		
	maximum two		
Hostel Expenditure Allow.	Rs. 300 per month per child		
	maximum two		
Running Allowance for	70% of allowance or Rs. 10000/-		
Transport employees	per month whichever is less		
Transport allowance	Rs. 800/- per month is exempted (double the rate for differently abled person(Rs.1600/-)		
Entertainment allowance Only for Govt. employees	Least is exempted A] Actual EA B] Rs.5000 and C] 20% salary		
Allowance to/from Govt. employees outside India, High court/supreme court Judges United Nation organisation Chairman/member of UPSC	FULLY EXEMPT FROM TAX		

PERQUISITES		
Type of Perquisites	Taxable value	
Gas, electricity, water paid	Expenses to the company	
by company	Less: amount collected from employee	
Salary to cook, watchmen,	Expenses to the company	
gardener	Less: amount collected from employee	
Free holiday trip	Fully taxable	
Use of assets of the co (except computer/laptop)	10% of the cost if it is owned by co. hire charges if it is hired by co.	
Obligation of the employee met by employer	Fully taxable	
Credit card/debit card	Used for personal fully taxable	

S. No	Par	ticulars	Amount	Taxable
	Any allowance receiv	ed in cash is fully taxable		Full
	Medical facilit	ties in India		
	A] at a hospital ow	ned by employer		Nil
	B] Central/state go	vt./local authority hospi	tal	Nil
	C] Private hospital recommended by govt. for its employees		Nil	
	D] hospital approved by the Chief Commissioner		Nil	
	E] any medical expenditure reimbursed by employer		>15000	
	Medical facilities outside India			
	cost of medical exempted upto the amount permitted by Reatment		ed by RBI	
Cost o	Cost of stay exempted upto the amount permitted by		ed by RBI	
Cost of travel – with one attendant Before including travel expenditure, if GTI less than 2 lakh – exempted otherwise taxes				

S. No	Particulars Particulars	Taxable
	Unfurnished/furnished/at concessional rate	
1(a)	Unfurnished - if accommodation owned by employer	
	Population of city > 25 lakh	15% of salary
	Population of city >10 lakh but less than 25 lakh	10% of salary
	Population of city < 10 lakh	7.5% of salary
1(b)	Unfurnished - if accommodation owned by employer Least of the two is taxed	15% of salary or hire charge
1[c]	Unfurnished - if accommodation provided at hotel Least of the two is taxed (first 15 days not taxable)	24% of salary or actual
2	Furnished = unfurnished + 10% of original cost of furniture if its owned by employer and actual hire charges if it is hired	
3	Provided at concession rate Value of furnished /furnished accommodation less amount collected from employee	

Motor car			
Owned by employee and expenses met by employee			
Used for personal purpose	Not taxable		
Used for official purpose	Not taxable		
Owned by employee and expenses met by employer			
Used for official purpose	Not taxable		
Used for personal purpose	Expenses of employer Less: amount recovered from employee		
Partly for official and partly personal	Expenses of the employer Less: 1800 per month <1.6 2400 per month >1.6 900 per month for driver		
Owned by employer and expenses me	t by employee		
Used for official purpose	Not taxable		
Used for Personal purpose	10% of original cost if it is owned or Actual hire charges if it is hired Add salary paid driver Less: amount recovered from employee		

Partly for official and partly personal	600 per month <1.6 900 per month >1.6 and 900 per month for driver
Owned by employer and expenses me	t by employer
Used for official purpose	Not taxable
Used for personal purpose	10% of original cost if it is owned or Actual hire charges if it is hired Add salary paid driver Less: amount recovered from employee
Partly for official and partly personal	1800 per month <1.6 2400 per month >1.6 900 per month for driver
Free conveyance between office and residence fully exempted	Gift from any other person in cash or kind >50000 taxable
Price money received TDS U/s.194B @30%	If gift – received from a relative/occasion of marriage/ by will/in contemplation of death/local authority exempted
Cash gift from employer – fully taxed	Gift in kind from employer >5000 taxed

Covered by Payment of Gratuity Act 1972

The least of the following is exempted		
A] Actual Gratuity Received		
B] 15/26[x] No of completed year of service or part in excess of 6 months [x] last drawn salary		
C] Notified amount Rs.10, 00,000/-		
Salary here means Basic pay + Dearness allowance		

Not Covered by Payment of Gratuity Act1972

The least of the following is exempted		
A] Actual Gratuity Received		
B] 1/2[x] completed year of service [x] 10 MAS immediately preceding the month of retirement.		
C] Notified amount Rs.10, 00,000/-		

Salary here means Basic pay + Dearness allowance(if forms part of salary for retirement benefits)+ Commission if it is a fixed percentage on turnover.

10 months immediately preceding the month of the retirement

PENSION		
Govt. Employees	Non-govt. Employees	
Uncommuted pension - Taxable	Uncommuted pension - Taxable	
Commuted pension – exempt	Commuted pension	
	1/3 rd of the full pension is exempted- if gratuity received	
	½ of the full pension is exempted- if gratuity not received	
Contributory pension	Employer contribution included in salary income first	
Deduction under 80CCC	Both employer and employee contribution eligible f	

Deduction under section 80C (Savings)		
Available to	Individual /HUF	
Amount	Rs.100000/-	
For what	Payment of Insurance premium, Contribution to PF, Tuition fees paid, housing loan principal amount Postal deposit, infra bonds	
Deduction under section	on 80 D (Medical Insurance premia)	
Available to	Individual /HUF	
Amount	Rs.15000/- (Add: Rs.5000/- for senior citizen)	
Policy in the name	Self, spouse, dependent children, parents	
Deduction under section 80 G (Donations)		
Deduction under section 80 U (Disability)		
Available to	Resident Individual (certified by medical authority)	
Amount	Rs.50000/- (Rs.100000/- higher disability)	
For what	Blindness, low vision, leprosy, hearing impairment, mental retardation, mental illness	

Tax rate for Asst. year 2014-15			
Upto 200000 (for Sr. Citizen 300000)	Nil		
(for super senior > 80 Rs.500000)			
200000 to 500000	10%		
500000 to 1000000	20%		
Above 1000000	30%		
Surcharge if income is > 1 crore	10% on tax		
Education cess	3%		
Tax rate for Asst. year 2015-16			
Upto 250000	Nil		
250000 to 500000	10%		
500000 to 1000000	20%		
Above 1000000	30%		
Surcharge if income is > 1 crore	10% on tax		
Education cess	3%		