

Prescribed the threshold for exemption on cash allowance in lieu of travel concession or assistance

The CBDT vide Notification No. 50/2021-Income-Tax dated May 5, 2021, issued the 'Income-tax (15th Amendment) Rules, 2021' to insert sub-rule (1A) and (1B) in Rule 2B of the Income-tax Rules, 1962 ("Income-tax Rules"), that deals with conditions for the purpose of Section 10(5) of the Income-tax Act, 1961 ("Income Tax Act"), i.e. income that is not included in total income of the individual w.r.t. the value of any travel concession or assistance, in a following manner:

Prescribed the threshold for exemption under the second proviso to Section 10(5) of the Income-tax Act— Where the individual avails any cash allowance from his employer in lieu of any travel concession or assistance, such amount shall be exempt under the second proviso Section 10(5) of the Income-tax Act if not exceeding INR 36,000/- per person, for the individual and its family members, or one-third of the specified expenditure, whichever is less, subject to fulfilment of the specified conditions for the assessment year beginning from April 1, 2021.

Clarification— If the amount received by or due to an individual, from his employer in connection with the specified expenditure is in excess of INR 36,000/- per person, for the individual and the member of his family; the above exemption would be restricted to INR 36,000/- for the individual and the member of his family, or one-third of the specified expenditure, whichever is less

Explanation has been introduced to explain the meaning of the terms 'tax invoice', 'registered person', 'specified expenditure' and 'specified period'.

Where an exemption on value in lieu of any travel concession or assistance received by, or due to, such individual, is claimed and allowed, the same shall be available to an individual in respect of one journey performed in a block of four calendar years commencing from the calendar year 1986.

The notification shall be deemed to have come into force from April 1, 2021

The Notification can be accessed at: <https://egazette.nic.in/WriteReadData/2021/226843.pdf>