



Office of the Additional Commissioner of Income-tax
Range-14, 4-B, Income tax Towers, A.C.Guards, Hyderabad – 500004

No.Addl.CIT-14/TDS-State Govt/2012-13

Date : 14-02-2013

To

Smt.K.Kanaka Valli,
Director of Treasury & Accounts,
HYDERABAD.

Madam,

Sub.: Request for co-operation in the matter of enforcing of TDS provisions of the
Income-tax Act, 1961 in the State Government Departments – Reg.

Ref.: No.Addl.CIT-14/TDS-State Govt/2012-13 dated 30-01-2013.

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In continuation to the above reference, it is informed that the details regarding the claim of
HRA exemption may be read as under :

1. Wrong claim of HRA exemption:

As per the provisions of Section 10(13A) of the Income-tax Act, 1961, read with Rule 2A of
the Income-tax Rules, 1962, HRA exemption is to be restricted to the least of the following:

- Actual amount of HRA received.
- Actual Rent paid minus 10% of Basic salary.
- 40% of Basic salary (50% of Basic salary in case of places for Bombay, Calcutta, Delhi or Chennai).

Also note that –

- HRA granted to an employee who is residing in a house/flat owned by self is not exempt from Income-tax.
- The DDO should satisfy himself regarding the fulfillment of conditions by insisting on production of evidence of actual payment of rent (Rent receipt) before excluding HRA from the Total Income.
- Salaried employees PAYING RENT up to Rs. 3,000/- per month will be exempted from production of rent receipt.

With regards,

Yours sincerely,

(C.Dharani Nath)

Income tax Officer,

Ward-14(1), Hyderabad.