

INCOMETAX SPECIAL

IMMEDIATE

TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LIMITED
(ACCOUNTS BRANCH)

From
K.Malarvizhi, B.A (Corp.) ACA., PGDHRM.,
Chief Financial Controller/General,
144, Anna Salai, Chennai-600 002..

To

All Superintending Engineers
All Financial Controllers
All Drawing&Disbursing
Officers/HQs

Circular No.CFC/GL/FC/Tax/AAO/Tax/E.TDS Recvy/D.22/2023dt.26.05.2023

Sir,


Sub: TANGEDCO Taxation Division - Financial Year 2023-24 -
Notification increasing exemption on leave encashment
paid to retired non-government salaried employees
Communication of CBDT's Circular – Instructions issued
to all Circles - reg.

- Ref: (1) Central Board of Direct Taxes, New Delhi's CIRCULAR
No.24/2022 [F.No.275/15/2022-TT(B)],DT.07-12-2022
(2) Circular No.CFC/GL/FC/Tax/AAO/Tax/E.TDS
Recvy/D.135/2023, dt.27.02.2023.
(3) GOI/CBDT's Circular No.04 of 2023 dated 5.04.2023
(4) GOI/CBDT's Circular No.31/2023 dated 24.05.2023.

It is informed that Earned Leave encashment exemption limit has
been raised from Rs.3 lakhs to Rs.25 lakhs as per reference 4th cited.
Accordingly, all the TANGEDCO Units are informed that the tax exemption on
leave encashment paid on retirement whether on superannuation or not is
enhanced from Rs.3 lakhs to Rs.25 lakhs.

All Units may also note that the option for deducting the TDS under old or
new regime shall be obtained (only once in a Financial Year) from all the employees
having taxable income and that the new tax regime is the default tax scheme in case no

option is exercised (ref 3rd above). Last but not the least it is reiterated that the Income Tax has to be deducted from the estimated salary and the amount of tax as arrived shall be deducted every month in equal instalments as referred in reference 2nd cited above.



CHIEF FINANCIAL CONTROLLER/GL (FAC)

Encl: 1. CBDT Circular No.31 of 2023 dated 24.05.2023.

Copy to all Chief Engineers concerned- for perusal.

Copy to all Chief Financial Controllers / TANGEDCO.

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(ACCOUNTS BRANCH)

From
K.Malarvizhi, B.A (Corp.) ACA., PGDHRM.,
Chief Financial Controller/General(FAC),
144, Anna Salai, Chennai-600 002.

To
All Superintending Engineers
All Financial Controllers
All Drawing&Disbursing Officers/HQs

Circular No.CFC/GL/FC/Tax/AAO/Tax/E.TDS Recvy/D.23/2023, dt.29.05.2023

Sir,

Sub: TANGEDCO - Financial Year 2023-24 - Notification increasing exemption on leave encashment paid to retired non-government salaried employees Communication of CBDT's Circular –further instructions issued to all Circles - reg.

- Ref: (1) Central Board of Direct Taxes, New Delhi's CIRCULAR No.24/2022 [F.No.275/15/2022-TT(B)], Dated 07-12-2022.
(2) Circular No.CFC/GL/FC/Tax/AAO/Tax/E.TDS Recvy/D.135/2023, dt.27.02.2023
(3) GOI/CBDT's Circular No.04 of 2023 dated 5.04.2023
(4) GOI/CBDT's Circular No.31/2023 dated 24.05.2023.
(5) Circular No.CFC/GL/FC/Tax/AAO/Tax/E.TDS Recvy/D.22/2023, dt.26.05.2023

This has reference to the letter 5th cited communicating enhancement of the EL exemption from Rs.3 lakhs to Rs.25 lakhs **with effect from 1.04.2023**. In this connection there are many queries from the field on the methodology of working out the income tax exemption of Earned Leave encashment paid on retirement whether on superannuation or otherwise. Accordingly, it is informed that leave salary paid to the employees on retirement whether on superannuation or otherwise **shall be exempt to the least of the following:-**

- 1) Rs.25,00,000/-
- 2) Leave encashment amount actually received
- 3) 10 months salary (on the basis of average salary* of last 10 months)
- 4) Cash equivalent** to leave to the credit of employee at the time of retirement.

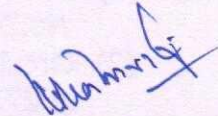
*Average salary means basic salary and DA

**Cash equivalent to leave to the credit of employee at the time of retirement

Formula (A X B) – C) X D :-

- A) No. Of completed year of service (excluding part of the year)
- B) No. Of leave credited each year (subject to maximum of 30 leave per year)
- C) No. Of leave taken or leave encashed during period of employment
- D) Average salary for last 10 months

Sample workings for arriving at the exempt amount of leave encashment is enclosed for your information. It may be noted that leave encashment paid in service is taxable. The issue of this circular may be communicated to the concerned officials and income tax on leave encashment payments may be deducted in accordance with the provisions communicated above.



CHIEF FINANCIAL CONTROLLER/GL (FAC)

Encl: workings stt.

Copy to all Chief Engineers concerned- for perusal.

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Illustration for income tax exemption on leave encashment :-

Illustration for leave encashment exemption : Retirement date 31.05.2023										
Pay	100000									
DA	38000									
HRA	8300									
Total pay	146300									
Credit EL available days	240									
240 days EL payment Rs.	1170400									
Pay particulars of last 10 months										
	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23
Pay	97500	97500	97500	97500	97500	97500	97500	97500	100000	100000
DA	33150	33150	33150	33150	37050	37050	37050	37050	38000	38000
Total pay	130650	130650	130650	130650	134550	134550	134550	134550	138000	138000

Average pay of 10 month salary Rs.1,33,680/-.

Leave encashment is exempt from tax to the least of the following:

- 1) Rs.25,00,000/-
- 2) Leave encashment amount actually received Rs.11,70,400/-
- 3) 10 months salary (on the basis of average salary of last 10 months)
Rs.13,36,800/-
- 4) Cash equivalent to leave to the credit of employee at the time of retirement*
(240*133680/30) Rs.10,69,440/-

Leave encashment exempt is Rs.10,69,440 and balance Rs.1,00,960/- is taxable.(Rs.11,70,400 less Rs.10,69,440)