

1.18 Income Tax and Exemptions: The following lumpsum payments on retirement are exempted from payment of Income Tax under Section 10 of the Income Tax Act:

- (a) Commuted value of pension
- (b) Gratuity
- (c) Leave encashment
- (d) CGEGIS
- (e) Provident Fund
- (f) One Time Contribution to CHSS is exempt under Sec 80(D) upto Rs.25,000/- and for Senior Citizen upto Rs.30,000/-.

Collect Certificates from Salary Section

Income Tax payable on monthly Pension / Family Pension:

Monthly pension is taxable like salary.

- (a) If the total pension receivable in a year is more than the exempted amount as stipulated in Income Tax Act, tax will be deducted at applicable rates by the Pension Disbursing Authority (bank).
- (b) If the pensioners have made investments eligible for tax exemption (under 80C, 80CCC, 80D, 80DD, 80DDB, 80E, 80G, etc.), the saving particulars should be furnished to the Pension Disbursing Authority (PDA) (Bank) for getting exemption/rebate of Income Tax.

1.19 Tax Benefits to Senior Citizens (60 years) / Very Senior Citizens (80 years):

- (a) Individuals attaining 60/80 years of age at any time during the financial year are eligible for the benefits of Sr. Citizens/Very Senior Citizens respectively.
- (b) Sr. citizens/ Very Senior Citizens are provided concessions as per the Income Tax Act. The income tax exemption limit for Sr. Citizen/Very Senior Citizen during the assessment year 2018-19 is Rs. 3.00 lakh and Rs. 5 lakhs, respectively.

Banks are also providing higher rate of interest on investments / deposits to Senior Citizens. Pensioners may like to avail of such facilities provided by the bank. Return on investment of the retirement dues by way of interest, etc. would also be liable for income tax as per the Income Tax Act.