

Taxable and Non-Taxable Elements of Pay and Allowances

List of Taxable Elements of Pay

Taxable Element of Pay : Provisions are applicable equally for monthly payment of Allowances
- as well as arrears for the said head of Pay/Allowances.

Non-Taxable Elements of Pay : Salary for this purpose includes Pay in Pay Band + Grade Pay
+ MSP (w.e.f. 01 Sep 08) + DA + NPA (if any).

Sl. No.	Taxable Elements of Pay
1.	Pay in the Pay Band
2.	Grade Pay
3.	Military Service Pay
4.	Dearness Allowance
5.	Non-Practicing Allowance (if any)
6.	Hazard/Special Hazard Pay
7.	Para Allowance/Para Reserve Allowance/Special Commando Allowance
8.	City Compensatory Allowance
9.	Deputation (Duty) Allowance (If any)
10.	Reimbursement of Furniture
11.	Reimbursement of Water
12.	Reimbursement of Electricity
13.	Technical Allowance
14.	Qualification Pay
15.	Special Action Group Allowance (on posting to National Security Guard)
16.	Technical Pay
17.	Language Allowance
18.	Qualification Grant
19.	Language Award
20.	Flying Allowance
21.	Leave Encashment on LTC
22.	Specialist Allowance
23.	Test Pilot Allowance
24.	Instructor Allowance
25.	Flight Test Allowance
26.	Security Allowance
27.	Strategic Force Allowance

Non-Taxable element of Pay

Sl No.	Non-Taxable element of Pay	Authority	Limit of Exemption
1.	Gallantry Award	A.O. 46/79;U/S 10 (18)(i) of IT Acts w.e.f. 1947	Fully Exempt
2.	Entertainment Allowance	U/S 16 (ii) of IT Act w.e.f.01/04/81	A sums equal to 1/5th of salary (excluding any allowance/ benefit) orRs.5000/- per annum whichever is less.
3.	Leave Travel Concession (LTC)	U/S 10 (5) of IT Act w.e.f.01/04/89	Actual Expenditure upto the limit of entitlement
4.	Foreign Allowance	U/S 10 (7) of IT Act	Fully Exempt
5.	Bhutan Compensatory	AO 395/74and U/S 10(7) of	Fully Exempt

	Allowance (BCA)	IT Act	
6.	Servant Wages Allowance along with BCA	AO 395/74 and U/S 10 (7) of IT Act	Fully Exempt
7.	Purchase of Crockery/Cutlery/Glassware	U/S 10 (7) of IT Act	Fully Exempt
8.	Outfit allowance on posting to Embassy	U/S 10 (7) of IT Act	Fully Exempt
9.	Arrears of Cash Grant – Foreign Allowance (Nepal)	U/S 10 (7) of IT Act	Fully Exempt
10.	Myanmar Allowance	U/S 10 (7) of IT Act	Fully Exempt
11.	Representation Grant for use of crockery set	U/S 10 (7) of Act	Fully Exempt
12.	Encashment of Leave on retirement whether on superannuation/voluntary retirement/release/invalidment etc.	U/S 10 (10AA) (i) of IT Act w.e.f. 01/04/78	Fully Exempt
13.	House Rent Allowance/House Rent Reimbursement (HRA/HRR)	U/S 10 (13A) of IT Act w.e.f.06/10/1964; Limit of exemption as per Rule 2A of IT Rules	*Quantum of exemption is least of the following – a) For Bombay/Kolkata/Delhi/Chennai i) Allowance actually received. ii) Rent paid in excess of 10% of salary iii) 50% of salary b) For other cities i) Allowance actually received. ii) Rent paid in excess of 10% of salary. iii) 40% of salary
14.	Children Education Allowance	U/S 10 (14) (ii) of IT Act and Rule 2BB (2) – Table SI No.5 of the IT Rules	Rs.100/- per month per child upto a maximum of 2 children.
15.	Hostel Subsidy	U/S 10 (14) (ii) of IT Act and Rule	2BB (2) – Table SI No.6 of the IT Rules, Rs.300/- per month per child upto a maximum of 2 children
16.	Siachen Allowance	U/S 10 (14) (ii) of IT Act and Rule 2BB (2) –Table SI No.1 (II) of the IT Rules	Rs.7000/ per month w.e.f. 01/08/1997
17.	Special Compensatory (Remote Locality) Allowance	U/S 10 (14) (ii) of IT Act and Rule 2BB (2) – Table SI.No.2 of the IT Rules	Category I – SCA 'A' – Rs.1300/- per month Category III – SCA 'B' – Rs.1050/- per month. Category IV – SCA 'C' – Rs.750/- per month. Category VI – SCA 'D' – Rs.200/- per month.
18.	Compensatory Field Area Allowance	(CFAA) U/S 10 (14) (ii) of IT Act and Rule	2BB (2) – Table SI No.7 of the IT Rules Rs.2600/- per month w.e.f.01/05/1999
19.	Compensatory Modified Field Area Allowance (CMFAA)	U/S 10 (14) (ii) of IT Act and Rule 2BB (2) – Table SI No.8 of the IT Rules	Rs.1000/- per month w.e.f. 01/05/1999
20.	Any Special Allowance in the nature of Counter Insurgency Allowance (SCCIA)	U/S 10 (14) (ii) of IT Act and Rule 2BB (2) – Table SI.No.9 of the IT Rules	Rs.3900/- per month w.e.f. 01/05/1999
21.	Transport Allowance granted to meet expenditure for the	U/S 10 (14) (ii) of IT Act and Rule 2BB (2) – Table	For whole of India – Rs.1600/- per month

	purpose of commuting between place of residence and duty	Sl.No.10 of the IT Rules	
22.	Transport Allowance granted to a blind or orthopedically handicapped employee with disability of lower extremities to meet expenditure for the purpose of commuting between place of residence and duty	U/S 10 (14) (ii) of IT Act and Rule	For Whole of India – Rs.3200/- per month 2BB (2) – Table Sl.No.11 of the IT Rules
23.	High Altitude Uncongenial Climate Allowance (HAUCA)	U/S 10 (14) (ii) of IT Act and Rule 2BB (2) Table Sl.No.13 of the IT Rules	For areas of (a)Altitude of 9000 to 15000 feet (HAUCA 'I') – Rs.1060/- per month w.e.f. 01/05/1999 (b)Altitude above 15000 feet (HAUCA 'II' & 'III') – Rs.1600/- per month w.e.f. 01/05/1999.
24.	Highly Active Field Area Allowance (HAFA)	U/S 10 (14) (ii) of IT Act and Rule 2BB (2) –Table Sl.No.14 of the IT Rules	Rs.4200/- per month
25.	Island (duty) Allowance granted to the members of Armed Forces	U/S 10 (14) (ii) of IT Act and Rule 2BB (2) – Table Sl.No.15 of the IT Rules.	For Andaman & Nicobar and Lakshadweep group of islands – Rs.3250/- per month inserted w.e.f. 29/02/2000.
26.	Outfit Allowance (Initial/Renewal)	U/S 10 (14) (i) of IT Act and Rule 2BB (1) (f) of IT Rules.	Fully Exempt
27.	Compensation for the change of uniform	U/S 10 (14) (i) of IT Act and Rule 2BB (1) (f) of the IT Rules	Fully Exempt
28.	. Kit Maintenance Allowance	U/S 10 (14) (i) of IT Act and Rule 2 BB (1) (f) of the IT Rules	Fully Exempt
29.	Uniform Allowance (MNS)	U/S 10 (14) (i) of IT Act and Rule 2BB (1) (f) of the IT Rules	Fully Exempt
30.	Special Winter Uniform Allowance	U/S 10 (14) (i) of IT Act and Rule 2BB (1) (f) of the IT Rules	Fully Exempt
31.	Reimbursement of Medical Expenses	U/S 17 (2) (viii) (v) of IT Act	Actual expenditure upto Rs.15000/- per annum.
32.	Any payment from Provident Fund	U/S 10 (11) of IT Act	Fully Exempt
33.	Payment of Compensation – Disability Pension	CBDT F.No. 200/51/99- ITA1 dated 02 Jul 2001	Fully Exempt.

DISCLAIMER: The above provisions are with the understanding and interpretation of IT Act 1961/IT Rules as amended and instructions issued by CBDT from time to time. Rules, provisions, further amendments and clarifications are issued by IT department/CBDT only and this office does not have any role in framing the same except IT deductions at source with reference to them.

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