

**INDIAN INSTITUTE OF TECHNOLOGY KANPUR**  
**FINANCE & ACCOUNTS SECTION**

**OFFICE ORDER**

No. IITK/ACCT/ ITAX/2020-2021/46

Date: 17 March, 2021

Presently, apart from monthly salary, some other allowances/reimbursements are regularly and frequently paid to our Institute employees every month under the following heads:

- a. Medical Reimbursement.
  - b. Leave Encashment against LTC.
  - c. Tuition Fee (Children Education Allowance) Reimbursement.
1. As per the provisions of the Income Tax Act 1961, TDS should be levied and deducted at the point of disbursement of any payment. As per the current practice, total TDS on estimated salary to be paid in the following financial year is calculated in March (as salary of March is paid in corresponding April month) and apportioned on monthly basis for deduction from monthly salary. However, separate payments like honorarium from R&D, CDTE, Institute etc. is inserted in the monthly salary and TDS thereon is also levied and deducted from the honorarium in the same salary.
  2. Presently, the allowances mentioned in a., b., and c. above are paid several times from Accounts Section through a supplementary voucher mode. Due to this, Tax Deducted at Source (TDS) liability is not deducted at the point of payment of the requisite allowance.
  3. For the purpose of accurate matching of Gross Income of TRACES PART A with Gross Income of TRACES PART B of any employee earned during a financial year, just like honorarium, allowances mentioned in a., b. and c. should also be paid **ONLY** through their monthly salary so that TDS liability thereon may be also calculated and deducted from relevant gross salary of the same month in which the disbursement is being made.
  4. Moreover, all such allowances due for payment and received in Accounts Section by 20th of a particular month will be inserted in the salary of the same month. Allowances due for payment and received in Accounts Section after 20th will be inserted in the succeeding month of salary disbursement.
  5. This is issued with the approval of Deputy Director for information to all concerned employees.



**R. K. Sachan**  
**Jt. Registrar (F&A)**