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स्टेट बैंक ऑफ इण्डिया ऑफिसर्स एसोसियेशन  
**State Bank of India Officers' Association (Patna Circle)**

All Letters to be  
Addressed to the  
General Secretary

Regd. No. 1872 of 1975  
(REGISTERED UNDER TRADE UNION ACT - 1926)

State Bank Building  
West Gandhi Maidan  
Patna - 800 001

CIRCULAR NO. 28/2010

DATE : 04.10.2010

TO,  
ALL MEMBERS

We reproduce hereunder the text of **AISBOF Circular No. 99 dated 29.09.2010** on the captioned subject, the contents of which are self-explicit.

*With warm greetings,*

(ANIRUDH AKHAURI)  
GENERAL SECRETARY

OUR UNITY : ZINDABAD-ZINDABAD  
S.B.I.O.A. : ZINDABAD-ZINDABAD

**SIMPLIFICATION OF TAX LAWS**

We reproduce hereunder the text of AIBOC Circular No.133 dt.25.09.2010 on the captioned subject, the contents of which are self-explicit.

With greetings.

(G.D.NADAF)  
**GENERAL SECRETARY**

**TEXT**

One of the issues taken up by the Confederation with the Government of India is simplification of tax laws. We have today sent a communication to the Hon'ble Finance Minister, Government of India, with our suggestions on the Direct Tax Code Bill pending before the Parliament for approval, a copy of which is appended for your information.

With greetings,

Sd/-  
(G.D.NADAF)  
**GENERAL SECRETARY**

**No. 1454/309/10**

**Date: 24.09.2010**

The Hon'ble Finance Minister  
Government of India,  
Parliament Street  
New Delhi

**Respected Sir,**

**DIRECT TAX CODE**

It is a matter of great pleasure that you have been kind enough to have proposed the retention of certain existing provisions of IT Act pertaining to the individual tax payers in the Direct Tax Bill introduced in the Parliament. It is also appreciable that some improvements in slabs, removal of surcharge and cess, have been made. We are submitting following few suggestions in respect of personal taxation, especially salaried class, for your kind consideration.

**1. Slab Rates:**

- a. The earlier provision in DTC for personal income tax slabs may be retained as
  - i. Up to `10 lacs - 10%
  - ii. Above `10 lacs to `25 lacs - 20%
  - iii. Above `25 lacs - 30%

**2. Depreciation:**

- a. Out of the various categories of individual tax payers, only salaried tax payer are not eligible to claim the deduction of depreciation on the assets owned by them. Therefore, to give equal treatment to salaried class, the deduction towards depreciation of assets should allowed for them also.

**3. Investment Avenues:**

- a. The followings additional items should be allowed to be considered for eligible investments for deductions under 80 (C)
  - i. Housing loan repayment (principal) amount
  - ii. Mutual fund investments in tax saving schemes.
  - iii. Deposit with Banks having maturity period of minimum 3 years.

**4. Leave Encashment:**

- a. The entire amount of leave encashment on superannuation be exempted from tax, without any limit.

**5. Leave Travel Concessions:**

- a. Since, Leave Travel Concession is for rest and recuperation which will rejuvenate the employees to contribute their maximum to their performance and as no pecuniary benefits are derived out of the LTC by the employee, we suggest to exempt encashment of LTC benefit from payment of tax.
- b. Similarly, leave encashment availed by the employees at the time of availing LTC should also be exempted from payment of Income Tax.

**6. House property income:**

- a. In view of escalating cost of repairs and maintenance of the house property, 40% of gross rent should be available for deductions from taxable income towards repairs and maintenance in stead of reducing the percentage to 20%
- b. Deduction should also be allowed from the gross rental income towards the amount paid for brokerage to the broker for arranging a tenant.

**7. Deduction under 80GG for the house rent:**

- a. The ceilings of Rs. 2000/- p.m. should be enhanced to Rs. 25,000/- p.m. because the existing ceilings were decided decades back.

**8. Deductions for News papers, books etc:**

- a. Deductions should be introduced for the amount spent by the employees towards the purchase of news paper, books, periodicals etc as the same are used for the updating the knowledge.

**9. Standard deduction:**

- a. Till few years back the employees were eligible for Standard deduction upto certain ceilings from taxable income. This was unjustifiably discontinued. The employees are not eligible for deductions available to professional and business community. Therefore, the standard deduction be re-introduced.

**10. Income tax rebate:**

- a. Deduction under 80 ( C ) be continued to be with the option to investor. Total deductions in this section be made upto Rs. 5, 00,000/- p.a.
  - i. Life insurance policies upto Rs. 1,00,000/-
  - ii. PPF upto Rs. 1,00,000/-
  - iii. Other investment for the balance amount
- b. Mediclaim insurance premium upto Rs. 25,000/- to be allowed as separate deduction from taxable income as is being permitted presently.

**11. Fringe benefit tax:**

- a. Tax on perquisites and fringe benefits has caused a great burden to the officers in the Banking Industry. Therefore, tax on fringe benefits /perquisite be borne by the employer.

**12.** Similarly tax on value of free or concessional medical treatment, medical expenses reimbursement being welfare and social security measurers, tax on the same should be withdrawn.

2. We shall be highly obliged, if the aforesaid suggestions on personal tax structure are considered favourably by your good selves while passing the Direct Tax Bill.

With greetings,

Yours faithfully



(G.D.NADAF)  
**GENERAL SECRETARY**