

Guidelines for Investment Declaration

(Tax Year 2012 - 13)

January 2013

Hinote Systems Private Limited

www.hinote.in/hrworks

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1. A Letter to the Employee

We are in the process of collecting and scrutinizing the proof of your investments for the tax year 2012-13. We solicit your cooperation to ensure that the exercise is carried out in an error-free and timely manner.

The cut-off date for submission of investment proof for the year 2012-13 is **<Insert Date Here>**. Kindly ensure that you submit your final declaration for the year along with the proof of investment to your Finance department on or before the cut-off date. If the investment proof is not received by the cut-off date, there will be reversal of tax benefit given to you so far in the year and tax, if at all, will be deducted before the end of the tax year.

This document presents the steps you need to follow in order to submit your tax declaration online and the investment proof, and the guidelines and formats for investment proof submission.

In case you joined your organization after 1st April 2012, and have declared your previous employment income, you should attach Form 12B along with Form 16 from the previous employer or a certified copy of tax computation from the previous employer.

Please note the investment proof which are not as per the guidelines will be rejected. Please submit a declaration as specified in Section 5.20 in case proof of investment is not submitted because of the insurance premiums etc. falling due after the cut-off date specified for declaration scrutiny.

In case you need any clarification, please raise it with your Finance department or send an email to support@hinote.in mentioning your employee ID and organization name.

Regards,
Support Team
Hinote Systems Private Limited

Email: support@hinote.in

2. “Initial” and “Final” Declaration

In HRWorks the investment declarations employees enter are classified as initial or final depending on when a declaration is entered. Typically, all declarations entered at the beginning of a year are called “initial” for which no paper proof is required. Towards the end of the year, after a certain date specified by your company, the declarations you enter online are stored as “final” declaration. Once your declaration is marked as “final” in HRWorks you need to take a print out of the declaration, and submit the investment proof (house rent receipts, insurance premium receipts, etc.) along with the declaration sheet to your Finance department.

Please note that even if you do not wish to make any change to the initial declaration you made at the beginning of the year, you still need to login to HRWorks and submit the same declaration as “final” for the declaration to be considered for tax calculation purposes at the end of the year.

3. Submit Final Declaration in HRWorks

Login to HRWorks and visit the tax declaration screen.



ID	Date of Entry	Declaration Type	Submitted By	Status
1	21-09-2012 10:45:00	Initial	Ram Kumar	Approved

On clicking the “Add New Declaration” button, you can view the tax declaration screen at the bottom. If you had submitted any declaration for the year 2012-13 earlier, you would see the last submitted declaration being displayed. You can edit the last submitted declaration and submit it as final declaration. In case you are submitting the declaration for the first time in the year, you will see a blank table under the title “Declarations for the Year Apr 12 – Mar 13.”

On clicking the “Add new declaration” button you will see a screen in which you can enter the declaration. For your convenience, your last entered declaration is displayed. You could edit the same, if required, and submit it as final declaration.

The screenshot shows a web interface for entering tax declaration details. At the top, there is a 'Declaration Details' header with a plus sign. Below it, the 'Declaration Type' is set to 'Final', with a callout box stating 'This should be "final"'. To the right of this are four checkboxes: 'Selected tab with data' (checked), 'Unselected tab with data' (unchecked), 'Selected tab with no data' (checked), and 'Unselected tab with no data' (unchecked). Below these are several tabs: 'Prev Emp', 'Bill Details', 'Rent Details' (selected), 'Investments', 'Med Ins', 'Home Loan', 'Other Ded', and 'Other Income'. A red circle highlights these tabs, with a callout box saying 'Click the tabs to enter information'. Below the tabs, the 'Rent details for House Rent Allowance exemption' section is visible, containing a table with one row of data.

Id	+	*From	*To	*Rent Paid (Rs)	*Is Metro
1	×	01-04-2012	31-03-2013	120,000.00	<input checked="" type="checkbox"/>

Please note that this will be your final declaration for the year. On the screen, you will be able to see “Final” for the Declaration Type (please see the above screenshot). In case you see “Initial” under Declaration Type instead of “Final,” please report it to us by sending an email to support@hinote.in.

For your declaration to take effect, the Declaration Type field should display “Final” instead of “Initial.”

Fill in tax declaration information on the screen by clicking the different tabs. If you do not have anything to declare under particular tab, you can choose to ignore the tab. After you complete entering the declaration, scroll down to the bottom of the screen and click the “Submit” button.

The image shows a 'Comments' window with a rich text editor. The editor includes a toolbar with icons for source, undo, redo, bold (B), italic (I), underline (U), list, link, unlink, font color, and background color. Below the toolbar is a text area with the placeholder text 'Enter comments, if any, here.' To the right of the text area is a 'Submit Declaration' button. Below the entire form is a large orange 'Submit' button.

As soon as you submit the declaration, you will see an entry for the final declaration bearing the time stamp in the table which lists all the declarations made during the year.

Select

*Year: Apr 12 - Mar 13 Add new declaration

Declarations for the Year Apr 12 - Mar 13

ID		Date of Entry	Declaration Type	Submitted By	Status	Authorized By
2		29-10-2012 11:05:57	Final	Ram Kumar	Submitted	
1		21-09-2012 10:45:00	Initial	Ram Kumar	Approved	HRWorks Administrator

If you do not see an entry for the final declaration similar to the above, you should assume that your declaration has not been recorded by HRWorks and you have to submit your declaration once again.

If you make a mistake while submitting final declaration, you can make the correction and re-submit the final declaration. You can make multiple final declarations until the last date as specified by your Finance team. Beyond the last date, your final declaration will be frozen and you will not be able to modify it.

4. Print the Declaration

After you submit the declaration, click the “Export to PDF” button at the bottom of the screen. You would see the declaration sheet opening in a PDF file.

Declaration Type
Final ?

Selected tab with data Unselected tab with data
 Selected tab with no data Unselected tab with no data

Prev Emp Bill Details **Rent Details** Investments Med Ins Home Loan Other Ded Other Income

Rent details for House Rent Allowance exemption: ?

Id	*From	*To	*Rent Paid (Rs)	*Is Metro
1	01-04-2012	31-03-2013	120,000.00	<input checked="" type="checkbox"/>

Take a printout of the declaration from the PDF file

In the PDF file, you should see “Final Declaration” in the title. If you see “Initial Declaration” please re-submit your declaration and take a print out of the declaration.

This should be "final"

XYZ Company Limited
22 MG Road
K R Nagar
Chennai, Tamil Nadu, India - 600004

Final tax declaration for the period Apr 01, 2012 - Mar 31, 2013

Employee ID	10001	Name	Ram Kumar
Date of Birth	12-Jul-1950	Join Date	01-Jul-2012
PAN	AAEPG9753B	Designation	Associate
Declaration ID	2	Declaration Date	29-Oct-2012 11:05 AM

1) HRA Exemption

S. No.	From	To	Rent Paid (Rs)	Is Metro
1	01-Apr-2012	31-Mar-2013	120,000.00	Yes

Print the PDF file, and affix your signature on the last page of the declaration sheet. Declaration sheet without employee signature will not be considered for exemption calculation.

Declaration

- 1) I hereby declare that the information given above is correct and true in all respects.
- 2) I undertake to indemnify the company for any loss/liability that may arise in the event of the above information being incorrect.
- 3) For investments/expenditure that have not fallen due as on the date of this declaration but nonetheless are payable before the end of this year (Apr 01, 2012 - Mar 31, 2013), I hereby commit to submit the proof before the end of the year. Please consider those premiums etc. for tax benefit for the current year.

Write the date and place in the printed declaration sheet

Date:

Place:

Sign here in the printed declaration sheet

Ram Kumar

(Signature of Employee)

Please go through the declaration sheet to check if all your entries have been accurately presented. Submit the control sheet stapled along with the receipts of your investments to your Finance department. Please note that all house rent, home loan, and investments stated in the declaration should have a corresponding receipt. If receipts are not furnished, your declaration may be rejected, and consequently your tax liability may go up.

5. Guidelines for Investment Proof Submission

5.1 Income and Tax Details from Previous Employment (for employees who joined on or after 1-Apr-2012)

Proof to be submitted:

Declaration in Form 12B (<http://law.incometaxindia.gov.in/DITTaxmann/IncomeTaxRules/pdf/itr62Form12B.pdf>) along with Form 16 or a signed tax computation sheet from the previous employer.

Guidelines:

Income after Sec 10 exemption and deductions such as Profession Tax, Provident Fund, and Income tax deducted will be taken into account for tax calculation.

5.2 Medical Bills

Proof to be submitted

Original medical bills presenting details of cost of treatment for self, spouse, children, and parents.

Guidelines

1. The bill amount updated in the declaration sheet online should match with the amount presented in the bill.
2. Bills should pertain to current tax year only (Apr 12 – Mar 13) and to the period of employment with the current organization.
3. Bills pertaining to toiletries and cosmetics will not be considered for exemption calculation.

5.3 Leave Travel Allowance Exemption (Under Section 10)

Proof to be submitted

1. In case of train travel, original train tickets. In case of air travel, flight tickets along with boarding passes.
2. In case of car rental, original bills -- clearly showing dates and details of places traveled to, number of dependents traveled and the kilometers covered.
3. Bills from travel agents will not be considered as proof in place of original tickets.

Guidelines

1. The leave travel should be to places within India for leave travel allowance exemption calculation. Overseas travel will not be considered for exemption calculation.
2. While an employee may receive payment under the head of pay LTA each month, the tax exemption on the same is not available each month. An employee can claim tax exemption on the LTA amount twice in a “block of 4 years.” The current block of 4 years as specified by the Indian income tax authorities is from 01-Jan-2010 to 31-Dec-2013.
3. In the event an employee does not claim tax exemption on LTA or claims tax exemption on LTA only once in a block of 4 years, the exemption can be carried forward and availed in the first year of the next block of 4 years. In such a case an employee could claim LTA exemption thrice in a block of 4 years.
4. An employee has to travel in order to claim tax exemption on LTA. If an employee does not travel and consequently does not claim tax exemption, the LTA amount paid to employee will be fully taxable.
5. The maximum LTA amount exempt for tax purpose cannot exceed the amount of expenses actually incurred for the purpose of travel.
6. Travel expenses incurred for an employee’s family members can be considered for tax exemption. The term family means the spouse and children (including step-child and adopted child) of the employee. In addition, an employee’s parents, brothers and sisters can be considered as family if they are wholly dependent on the employee.
7. **Employee’s children born after 01-Oct-1998:** Travel expenses incurred an employee’s children shall be restricted to expenses incurred on two surviving children in case of children who were born after 01-Oct-1998. However, if after the first child is born, the employee begets multiple children (say twins or triplets) on the second occasion all the children born on the second occasion will be considered as a single child.
8. **Employee’s children born before 01-Oct-1998:** In case of an employee’s children born before 01-Oct-1998 tax exemption on travel allowance will be admissible in respect of all the surviving children.
9. Expenses towards food and lodging cannot be considered for tax exemption. Only travel expenses can be considered for tax exemption.

10. The tax exemption of LTA shall be calculated as per the following guidelines:

Mode of travel	Maximum extent of tax exemption
For journey performed by air	Air economy fare of the national carrier (Indian Airlines or Air India) by the shortest route to the place of destination.
Where place of origin of journey and destination are connected by rail and the journey is performed by any mode of transport other than air	Air-conditioned first class rail fare by the shortest route to the place of destination.
Where place of origin of journey and destination or part thereof are not connected by rail	<ul style="list-style-type: none"> • Where a recognised public transport system exists, the first class or deluxe class fare on such transport by the shortest route to the place of destination. • Where no recognised public transport system exists, the air-conditioned first class rail fare, for the distance of the journey by the shortest route, as if the journey has been performed by rail.

5.4 House Rent Allowance Exemption (Under Section 10)

Proof to be submitted

Rent receipts for the period of rented accommodation specified in your declaration.

Guidelines

1. Please submit original rent receipts (photocopies of rent receipts will not be considered) presenting the address of the residence.
2. The rent receipt(s) should have a revenue stamp, clearly specify the amount of rent, period of stay in the current tax year, and carry the signature of the owner of the property.
3. **If the annual rent paid by the employee exceeds Rs. 2, 00,000/- per annum, it is mandatory for the employee to mention PAN of the landlord in the rent receipt. In case the landlord does not have a PAN, a declaration to this effect from the landlord along with the name and address of the landlord needs to be provided by the employee (please see section 5.21).**
4. Rent receipt pertaining to periods outside of the current employment period will not be considered for exemption calculation.

5.5 Housing loan – Loss on House Property (Under Section 24)

Proof to be submitted

Provisional certificate issued by the housing finance company/bank, clearly indicating the address of the property for which the loan has been taken.

Guidelines

1. Only the interest paid in Apr 12 – Mar 13 will be considered for exemption calculation.
2. Pre-EMI interest (EMI paid before occupation of the house), if any, is deductible in 5 equal installments starting from the year when the construction is completed or property is acquired. The relevant proof and the calculations have to be attached.
3. In case of jointly availed loan, the house should be bought in the joint name and proof of co-ownership need to be submitted for verification viz. copy of sale deed. The employee should declare only the amount paid by him/her in the declaration.
4. If the premise is not declared as self-occupied, then rental income derived from the property for the year, should be declared by the employee. Even if the property (which is not declared as self-occupied) is vacant, a notional rental income – calculated as per guidelines issued by the income tax department -- has to be declared.
5. Loan taken for land cannot be considered for income tax exemption calculation as per Income Tax rules.

5.6 Life Insurance Premium (Under Section 80C)

Proof to be submitted

Copies of the insurance policy with details of the insured persons and the receipt of premium paid for the year.

Guidelines

1. The insurance policy should be from a company approved by the IRDA.
2. The premium amount should pertain to Apr 12 – Mar 13.
3. The insurance policy can be for the employee, spouse and children of the employee.
4. Late fee payment, if any, will not be considered for exemption.
5. Exemption is restricted to 20% of the actual sum assured if the policy is issue before 1st April 2012. The policies which are issued after 1st April 2012, the exemption is restricted to 10% of the actual sum assured.

5.7 Deposit in Public Provident Fund (Under Section 80C)

Proof to be submitted

Copy of stamped challan and PPF passbook.

Guidelines

The PPF deposit can be in the name of the employee, spouse and children of the employee.

5.8 Deposit in National Savings Certificate (Under Section 80C)

Proof to be submitted

Copy of the savings certificate and details of interest calculation.

Guidelines

The NSC interest will be taxed as “Other Income.”

5.9 Deposit in Scheduled Bank (Under Section 80C)

Proof to be submitted

Copy of deposit certificate/receipt indicating “Bank Term Deposit Scheme”.

Guidelines

The term deposit should be for a minimum period of 5 years to be eligible for tax exemption.

5.10 Investment in ULIP, ELSS, Infrastructure Bonds, and National Savings Certificate (Under Section 80C)

Proof to be submitted

Copy of receipt, bond, certificate, and fund statement.

Guidelines

The investment should pertain to Apr 12 – Mar 13.

5.11 Children's Education Fee (Under Section 80C)

Proof to be submitted

Fee receipt issued by the education institution.

Guidelines

1. Tuition Fee alone will be considered for tax exemption; donations and other fee will not be considered.
2. Receipts should pertain to the period Apr 12 – Mar 13.

5.12 Housing Loan Principal Repayment, Registration Fee, and Stamp Duty (Under Section 80C)

Proof to be submitted

Provisional certificate issued by the housing finance company/bank, copy of the sale deed and receipt of stamp duty paid.

Guidelines

Certificate, sale deed, and stamp duty should pertain to Apr 12 – Mar 13.

5.13 Pension Policy (Under Section 80CCC)

Proof to be submitted

Copies of the pension policy with details of the persons for whom the policy is taken and the receipt of premium paid for the year.

Guidelines

1. The Pension policy should be from a company approved by the IRDA.
2. The premium amount should pertain to Apr 12 – Mar 13.
3. Late fee payment, if any, will not be considered for exemption.

5.14 Medical Insurance (Under Section 80D)

Proof to be submitted

Copies of the insurance policy with details of the insured persons and the receipt of premium paid for the year/copy of payment towards preventive health check-up as allowed under Section 80D.

Guidelines

1. The premium amount should pertain to Apr 12 – Mar 13.
2. The insurance policy can be for the employee, dependant parents of the employee, spouse and children of the employee.

5.15 Maintenance Expenditure for a Disabled Dependant (Under Section 80DD)

Proof to be submitted

Copy of Form 10-IA (<http://law.incometaxindia.gov.in/DITTaxmann/IncomeTaxRules/pdf/itr62Form10IA.pdf>) issued by a competent medical authority with a self-declaration certifying amount spent on treatment.

Guidelines

Where the condition of disability requires reassessment, a fresh certificate is to be obtained to continue claiming the deduction.

5.16 Expenses Incurred for Treatment of Specified Diseases (Under Section 80DDB)

Proof to be submitted

Copy of Form 10-I (<http://law.incometaxindia.gov.in/DITTaxmann/IncomeTaxRules/pdf/itr62Form10I.pdf>) issued by a competent medical authority with a self-declaration certifying amount spent on treatment.

5.17 Interest on Education Loan (Under Section 80E)

Proof to be submitted

Letter / certificate from the bank / financial institution specifying that the loan is an educational loan and the amount of interest paid on the loan is for the current year (Apr 12 – Mar 13)

Guidelines

1. The loan should have been availed by the employee/ employee's children for pursuing higher education.
2. Only the interest paid for the first 8 years of repayment will be considered.
3. There is no limit on the amount of interest that can be considered for exemption.
4. Interest paid in the current year (Apr 12 – Mar 13) alone will be considered for exemption.

5.18 Self-disability Claim (Under Section 80U)

Proof to be submitted

Copy of Form 10-IA (<http://law.incometaxindia.gov.in/DITTaxmann/IncomeTaxRules/pdf/itr62Form10IA.pdf>) issued by a competent medical authority.

Guidelines

Where the condition of disability requires reassessment, a fresh certificate is to be obtained to continue claiming the deduction.

5.19 Donations under Section 80G

Proof to be submitted

Photocopy of the receipt issued by the fund/institution.

Guidelines

Employers are not allowed to accept proof of donation made to private charitable/religious institutions for the purpose of calculating tax exemption. The tax relief on donations as admissible under section 80G of the Act, contribution to funds and charitable institutions will have to be claimed by the tax payer in their return of income. However, the Employer on due verification may allow donations made to (1) The Prime Ministers Drought Relief Fund, (2) The Chief Ministers Relief Fund and (3) Lieutenant Governors Relief Fund and other bodies as per notification from the income tax department (http://incometaxindia.gov.in/Archive/TDS_on_Salaries_18062012.pdf, please see Section 6.4 in the document) to the extent of 50 per cent of the contribution to funds.

5.20 Declaration in Case Proof of Investment is not submitted

If any of your premium falls due after the cut-off date specified by your organization, please submit a declaration as per the below template.

Employee Declaration

Given below are the details of insurance premium and other investments that are due for payment after the declaration submission cut-off date specified by my organization, but are payable before the tax year-end 2012-13. Please consider these premiums etc. for the tax benefit in the current year 2012-13.

S .No.	Investment (Existing Insurance policy, Mutual fund, etc.)	Reference number for the investment (Policy number, Folio number, etc.)	Due Date (Should be before 31 st Mar 2013)	Amount in Rs.
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

I hereby declare that the information provided above is correct and will be solely responsible for any situation arising out of non-payment of the above before 31st Mar 2013.

Employee ID:

Employee Name:

Signature:

Date:

5.21 Declaration by Landlord

If the annual rent paid by an employee exceeds Rs. 2, 00,000/-, it is mandatory for the employee to mention PAN of the landlord in the rent receipt. In case the landlord does not have a PAN, a declaration (in the below format) needs to be provided by the employee.

Declaration by the landlord

I, (landlord's name) Son / Daughter of _____ hereby declare that I am residing at (landlord's Address) and have received/will be receiving a rent of Rs.(rent amount) for the period (From Date) to (To Date) from (Employee Name), my tenant, residing at (Address of employee stated in the rent receipt).

Further, I declare that I do not have PAN / have not been allotted any PAN by the Income Tax Authorities.

Signature (Signature of Landlord)

Name:

Date:

Place: