

26th June 2010

EXEMPTION FROM TAX FOR GRATUITY PAYMENTS
ENHANCED FROM RS.3.5 LAKHS TO RS.10 LAKHS

Notification No.43/2010 (F.No.200/33/2009 – ITA.I), dated 11.6.2010, issued by the Ministry of Finance, Department of Revenue, Section 10 (10)(iii) of the Income Tax Act, 1961-Gratuity-Gratuity exemption limit raised to Rs.10 lakhs. It has come into effect from 24th May 2010.

The Central Board of Direct Taxes has approved the Notification of Rs.10 lakhs on the maximum amount of Gratuity entitled to exemption under Sub-Clause (iii) of Clause (10) Section 10 of Income Tax Act, 1961. The notification will be applicable to employees who retire or become incapacitated before retirement or expire, whose services are terminated, on or after the 24th day of May 2010.

GAZETTE OF INDIA
EXTRAORDINARY – PART II – SECTION 3, SUB-SECTION (ii)
MINISTRY OF FINANCE
(Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)
NOTIFICATION
New Delhi, dated 11.6.2010
(INCOME TAX)

S.O. 1414 (E) – In exercise of the powers conferred by Sub-Clause (iii) of Clause (10) Section 10 of the Income Tax Act, 1961 (43 of 1961), and in supersession of Ministry of Finance, Department of Revenue, Notification No.S.O. 287, dated the 20th January 1999, the Central Government, having regard to the maximum amount of any gratuity payable to employees, hereby specifies ten lakh rupees as the limit for the purpose of the said sub-clause in relation to the employees who retire or become incapacitated prior to such retirement or die on or after the 24th day of May 2010, or whose employment is terminated on or after the said date.

(Notification No.43/2010 (F.No. 200/33/2009 – ITA.-I)
PADAM SINGH, Under Secretary