

## **Changes in Form 16 and Form 24Q**

The CBDT has notified changes in Form 16 (TDS Certificate for Salary Income) and Form 24Q (TDS return in respect of salary). The changes have been made to bring TDS certificate in sync with new ITR forms issued for AY 2019-20. The changes are as follows:

### **1. Clause-wise reporting of exempt allowances and deduction under Chapter VI-A**

In existing Form 16 (Part B), the employer had an option to provide a description of the exempt allowance. Consequently, every organization had created different formats as per their requirements, which resulted in discorded formats of Part B of Form 16. The new Form 16 (Part B) has removed this option to write-down the description of exempt allowances. Now the employers have to mention the amount of exempt allowance before earmarked fields. Similar changes have been made in respect of deduction available under Chapter VI-A and losses under the head house property. These changes would ensure that organizations follow common structure of TDS certificates and employees find it convenient to file the tax return on basis of TDS certificates. Further, it also gives a confirmation that the deductions and exemptions claimed by the employees in Income-tax return match with the information available in TDS certificate and TDS Statement.

Similar reporting is required in Form 24Q as well. Thus, the employer is required to provide the list of all exemptions and deductions allowed to the employee while calculating the tax to be deducted from salary under Section 192. Following details have been asked by the Dept. from the employer in Form 24Q:

#### *Exemption under Section 10*

1. Leave travel concession [Section 10(5)]
2. Gratuity [Section 10(10)]
3. Commuted Pension [Section 10(10A)]
4. Leave Salary Encashment [Section 10(10AA)]
5. House Rent Allowance [Section 10(13A)]

#### *Deduction under Chapter VI-A*

1. Life Insurance Premium or contribution to PF etc. [Section 80C]
2. Contribution to Pension funds [Section 80CCC]
3. Employee's contribution to Notified Pension scheme (NPS) [Section 80CCD(1) and Section 80CCD(1B)]
4. Employer's contribution to Notified Pension scheme (NPS) [Section 80CCD(2)]
5. Medical insurance premium [Section 80D]
6. Interest on higher education loan [Section 80E]

7. Donation to notified funds, charitable institution etc. [Section 80G]
8. Deduction in respect of interest from saving account [Section 80TTA]

## **2. Standard Deduction**

The Finance Act, 2018 introduced the standard deduction of up to Rs. 40,000 for the salaried persons. The new Form 16 and Form 24Q have accordingly been revised to incorporate the effect of this amendment.

## **3. Reporting of salary received from other employers**

If an employee has received salary from his ex-employer or other employer during the previous year and same has been reported to the current employer for TDS purposes, then separate reporting is required for such salary income in new Form 16 and Form 24Q.

## **4. Furnishing of PAN of the lender in case of home loan**

In new Form 24Q, it is mandatory to furnish the PAN of the lender in case any deduction has been claimed in respect of housing loan taken from a person other than a Financial Institution or the Employer. Earlier, it was optional.

*(Taxmann.com)*