

COPY OF LETTER NO. 8/12/62-IT (AI) DATED 21-12-1962 FROM  
THE GOVERNMENT OF INDIA, MINISTRY OF FINANCE,

**DEPARTMENT OF REVENUE**

NEW DELHI, ADDRESSED TO ALL STATE GOVERNMENTS.

Sub: Income-tax Deduction from salaries-Contributions towards National  
Defense Fund by Government employees through pay bills-Grant of rebate-

A reference is invited to the Government of India, Ministry of Finance (Department of Economic Affairs) Office Memorandum No. F, 14 (38)-13/62 dated the 12<sup>th</sup> November, 1962, which permits the payment of contributions to the National Defence Fund by making monthly deductions from the pay bills of Government employees and salary bills of Members of Parliament. Contributions made to the National Defence Fund qualify for exemption under section 88 of the Income-tax Act, 1961, and it has been represented that in the above cases, the rebate due on account of such contributions through pay bills should be allowed to be made in calculating the amount of tax to be deducted at source on the same lines as is permissible in the case of Provident Fund contributions, Life Insurance Premia etc., This suggestion has been accepted by the Central Government. It has therefore, been decided, in partial modification of the orders issued in para 6 (vii) of this Ministry's letter F. No. 29/2/62-IT(AI) dated the 26<sup>th</sup> July, 1962, that abatement in respect of such contribution may be allowed at source, in terms of Section 88/Section 100 of the Income-tax Act, 1961, as amended by the Taxation Laws (Amendment) Act, 1962, provided deductions are made, as a regular feature, for fixed sums every month.

2. While allowing the rebate at source, care should be taken to see that the contributions for the year would not be less than the minimum limit of Rs. 250 and the amount of such total rebate does not exceed half the aggregate of the donations in respect of which the deduction is allowed as above.

3. It is requested that the disbursing authorities should be asked to show the total contributions of each Government servant in the Remarkd Column of the annual return under section 206 of the Income-tax Act, 1961.

4. The above instructions may please be brought to the notice of all concerned.

G.R. Desai  
Deputy Secretary to the Government  
Of India.

4/336/S.

GOVERNMENT OF KERALA  
FINANCE DEPARTMENT.

Endorsement on 1069/D.F/63/Fin.

Dated Trivandrum, 22<sup>nd</sup> January 1963.  
C.K.Vasavan

Copy forwarded

To

All Heads of Departments and offices  
The Secretary, Karala Public Service Commission (with C.L)  
The Secretary, Kerala State Electricity Board (with C.L.)  
The Registrar, High Court (with C.L)  
The Registrar, University of Kerala (with C.L)  
The Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries,  
Under Secretaries and Assistant Secretaries to Government.  
The Personal Clerk to the Chief Secretary  
The Private Secretaries to the Chief Minister and other Ministers  
The Secretary to the Governor.