



POLICY & GUIDELINES

Leave Travel Allowance Policy

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ISSUING DEPARTMENT
Human Resources

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Objective

The objective of this policy is to clearly define guidelines for availing Leave Travel Allowance (LTA).

Applicability

LTA is a part of CTC given to employees either at the time of appointment or during the job based on their growth and hierarchy. The policy is applicable to all employees of PVR Limited who have opted for LTA.

Only confirmed employees are eligible for this facility, however, any travel done during the probation period can be availed only after employee is confirmed.

Entitlement

An eligible employee can claim the LTA amount subject to the guidelines mentioned below:

- a) The LTA amount should be fixed at the time of joining / compensation revision and once fixed it cannot be changed in a given financial year.

Effective 1st April 2017, the grade-wise maximum LTA entitlement amount is as per the grid below:

Grade	Yearly Maximum Limit (Rs.)
M4, M5, M6	Rupees 1,00,000 or 1 month basic salary whichever is less.
M1, M2, M3	Rupees 2,00,000 or 1 month basic salary whichever is less.

- b) For availing LTA, an employee has to take mandatory paid leave of 3 days, at a stretch, from his available leave balance. Employees intending to take leave for the purpose of LTA should apply for the leave at least 15 days in advance prior to the date of commencement of leave.
- c) LTA can be claimed towards travel expenses incurred by the employee and his/her family for leisure/excursions etc. Family for the purpose would mean – spouse, children, parents, brothers & sisters of employee or any of them wholly or mainly dependent on the employee.
- d) LTA can be claimed only against travel fare. LTA amount will not reimburse towards any boarding & lodging expenses.
- e) LTA can be claimed only for domestic travel

Procedure for availing LTA

- Employee proceeds for leaves post your 3 PLs are duly approved in the attendance system and your leave record stands updated.
- On return from travel employee resumes work, he/she is required to duly fill prescribed LTA claim form (annexure 1) and submit his LTA claim, along with the actual proofs of travel to respective HR SPOC.
- Respective HR SPOC would do 1st level check on the following:

- LTA claim form and form 12 BB are duly filled,
- Evidence of travel i.e. following ORIGINAL mandatory documents (air ticket jacket reflecting air fare amount incurred, rail ticket, boarding passes, toll tax receipts, agency bill, bus tickets) are all attached,
- Declaration is duly signed by the employee,
- 3 PLs are marked and are approved in Kronos.

- HR SPOC, post verification of claim, will note submission and forward the claim to the central payroll team

- Central payroll team does 2nd level check on the above validation points and sends the claim form to the payroll partner for 3rd level check, processing and payment.

- Payroll partner receives the claim, does 3rd level check for:
 - Authenticity of documents, completeness of claim form and form 12 BB.
 - Leaves status
 - LTA entitlement

- On successful verification of the claim, payroll partner will :
 - Process the claim to be paid with the subsequent month's salary.
 - If there are any deficiency for which claim cannot be administered, payroll partner will liaise with payroll team for clarification, completion of documents and will get direction from payroll team either:
 - To reject the claim and send it back to payroll team;
 - To process the claim as taxable payment.

Reimbursement

Employees need to accrue LTA entitlement for the year to claim it in the end of year (March payroll) i.e. LTA entitlement to accrue for the period of April 2017 to March 2018 first so that employee can claim full LTA entitlement for the year in March 2018 payroll . However, if an employee undertakes travel during the year under the policy and claims LTA in the middle of the year, he/she will be reimbursed the amount on pro rata basis to the extent the LTA amount has accrued to him till last month. The balance, if any (taxable or otherwise), will be reimbursed only in the month of March (end of financial year).

Treatment of Unclaimed LTA amount

Un-claimed LTA entitlement for the 1st block year would be carried forward to the 2nd block year (to be combined with the entitlement of the 2nd block year). If not claimed in the 2nd block year, the total LTA entitlement for the 1st 2 block years would be paid as taxable in the subsequent March month payroll.

Similarly LTA entitlement for 3rd block year would be carried forward to 4th block year.

For example:

Entitlement for the calendar year 2018, if remains unclaimed by an employee till March 2019, would be carried forward and can be claimed along LTA entitlement of 2019 till March 2020 (if travel is undertaken as per policy and proofs of travel are duly submitted) as non-taxable.

If not claimed till March 2020, it will not be carried forward to next year and will be paid as taxable in March 2020 payroll itself.

Taxability

Tax exemption is available on LTA, upon submission of proof of travel by the **shortest route** to the farthest point from point of origin of journey.

Exemption is available for travel by the following modes:

- Air Fare (Economy Class)
- Travel by train (upto 1st AC)
- Bus fare / Car Hire fare
- In case of travel by air, the used ticket jackets along with stamped boarding passes need to be produced for the purpose of availing tax exemption.
- However, in case of travel by train / bus, **original ticket or the bus fare receipts, Car hire bill with original toll tax receipts** as applicable, must be produced for getting the exemption.
- Exemption can be availed twice in a block of four calendar years. Block would be considered as defined by Income Tax Act. Current 4 year block (2014-17) ends in Dec 2017.

* Income Tax exemption on LTA would be provided as per Section 10 (5) of Income Tax Act read with Income Tax rules 1962. Extract of Section 10(5) attached herewith.

- Exemption shall not be available if the family members are travelling separately without the employee who is not on leave
- Exemption is available in respect of fare – The exemption is strictly limited to expenses on air fare, rail fare bus fare only. No other expenses like scooter or taxi charges at both ends, portage expenses during the journey and lodging, boarding expense will qualify for exemption.
- Exemption is based on actual expenditure – The quantum of exemption is limited to actual amount incurred on the journey. Further, if the actual expenditure is less than the LTA entitlement for the year, the excess amount claimed will be taxed fully.

Treatment on exit

In the event of an employee leaving the services of the organization, he/she is required to submit his LTA claim along with proof of travel, the same shall be reimbursed with the full and final settlement of the concerned employee (subject to prorated accumulation). If LTA claim is not submitted before leaving, prorated LTA amount will be paid as taxable in the full and final settlement of the employee

LTA advance against accrued entitlement

Advance against accrued LTA entitlement may be granted 30 days prior to plan date of travel by the employee. Employee needs to travel as planned and claim LTA within 30 days from the date of return from travel. If the employee fails to submit proofs of travel undertaken within 30 days from return from travel, the LTA advance paid would be deducted in the subsequent month's payroll.

Policy Review / Amendments / Modifications / Withdrawal

This policy will be reviewed from time to time and the company reserves the right to modify/amend/alter and/or withdraw the policy at its discretion.

In case of any exceptions, the interpretation of above terms by the CHRO shall be final.

Annexure 1

Leave Travel Allowance (LTA) Claim for Financial Year _____

Name: _____

Employee Code: _____

Department: _____

Designation: _____

Exemption no. 1 or 2 for the current block year 2014-2017 (please tick one)

LTA claim is EXEMPT for TWO JOURNEYS IN A BLOCK OF FOUR CALENDAR YEARS

Sr. No.	Particulars	Remarks
1.	Period of Leave: {Note: to claim LTA exemption for tax purposes, a minimum of 5 days' paid leave (earned leaves) are required to be availed by the employee}	
2.	LTA Amount received/claimed by the employee :	
3.	Place of origin of travel within India	
4.	Final destination of travel within India	
5.	Short description of route of journey	
6.	Where the journey is performed by air a. Actual to and fro fare incurred (Please attach evidence of amount incurred) Used ticket jacket or electronic ticket /agency bill in original along with stamped original boarding passes for all passengers) b. Air economy fare of the national carrier to and fro to final destination by the shortest route	
7.	Where the places between origin of journey and final destination are fully connected by rail and the journey is performed by the mode of transport other than by Air. a. Mode of transport used: b. Actual to and fro fare incurred: (Please attach evidence of amount incurred) Used train ticket jacket or electronic ticket /agency bill in original/bus ticket in original along with original toll tax receipts) c. First Class A/C rail fare to and fro to final destination by the shortest route:	
8.	Where the places between origin of journey and final destination are not connected by rail or partly connected by rail and the journey is performed by a mode of transport other than by Air, Rail a. Mode of transport used: b. Actual to and fro fare incurred: (Please attach evidence of amount incurred- bus ticket /agency bill in original along with original toll tax receipts)	

If a recognized public transport system (train, bus, plane, steamer, taxi) exists

- c. First Class / Deluxe Class: (fare to and fro by shortest route to final destination by such transport)

If no recognized public transport system exists

- d. First Class A/C rail:
(fare to and fro to the final destination by shortest route as if the journey has been undertaken by rail)

9.

Details of to and fro fare for self and family actually incurred as under:

[Note: Family includes spouse, children (maximum two in respect of children born after 1 October 1998, except in case of multiple births after one child) and the following persons if they are wholly or mainly dependent on the employee i.e. the parents, brothers and sisters of the employee.

Name of the person	Relationship	Destination	Class of travel	Cost of Fare
ABC	Self	XYZ		
			Total	

COMPUTATION OF RELIEF FROM TAX:

S.No.	Particulars	Amount (in Rupees)
I	LTA Amount Received/Claimed :	
II	Benefits under Income Tax (Rule 2 B)	
	a) Actual Fare Incurred:	
	b) Amount under 6(b) / 7(c) / 8(c) / 8(d) as applicable:	
	c) Income Tax benefit:	
	[Lower of (a) & (b)]	
III	Taxable LTA [I - II(c)]:	

Important Notes:

- Complete all details and fill this form carefully.
- LTA Claim form without original documents such as boarding passes/toll tax receipts/bills/tickets would be rejected/or would be paid as taxable LTA
- Make sure you avail and appropriately mark 5 nos. of PLs for leaves taken for LTA claim period.
- You can claim tax exemption only for domestic travel and NOT for international travel.
- Site seeing travel bills are not allowed.

DECLARATION BY EMPLOYEE**Forming part of the LTA claim**

- I declare that the expenditure mentioned in my LTC claim dated _____ and mentioned under (9) above have been actually incurred by me and I have attached the original documents/ am in possession of the proof of having travelled (this includes applicable used tickets, original invoices, boarding passes, toll tax receipts etc.).
- I confirm that the exemption under section 10(5) of the Income-tax Act, 1961 (the Act) claimed by me is in accordance with the sub-rule (2) of Rule 2B of the Income-tax Rules, 1962 (the Rules) as per which the exemption can be claimed only for two journeys in a block of four calendar years commencing from 1986.
- I undertake to provide any further evidence of the journey performed when called upon to do so by the Income-Tax Authorities at the time of my / Company Tax Assessment .
- I confirm that I shall be fully responsible to the Company for any income-tax liability including interest, penalty etc. that may arise on account of non-fulfilment of this undertaking by me.

Date:

SIGNATURE _____

Annexure 2

FORM NO.12BB

(See rule 26C)

1. Name and address of the employee:	
2. Permanent Account Number of the employee:	
3. Financial year	

Details of claims and evidence thereof			
S. No.	Nature of claim	Amount (Rs.)	Evidence / particulars
(1)	(2)	(3)	(4)
1	House Rent Allowance: (i) Rent paid to the landlord (ii) Name of the landlord (iii) Address of the landlord (iv) Permanent Account Number of the landlord Note: Permanent Account Number shall be furnished if the aggregate rent paid during the previous year exceeds one lakh rupees		
2	Leave travel concessions or assistance		
3	Deduction of interest on borrowing: (i) Interest payable/paid to the lender (ii) Name of the lender (iii) Address of the lender (iv) Permanent Account Number of the lender (a) Financial Institutions(if available) (b) Employer(if available)		

	(c) Others		
4	Deduction under Chapter VI-A (A) Section 80C,80CCC and 80C (i) Section 80C <div style="text-align: right; margin-right: 20px;"> (a) (b) (c) (d) (e) (f) (g) </div> (ii) Section 80CCC (iii) Section 80CCD (B) Other sections (e.g. 80E, 80G, 80TTA, etc.) under Chapter VI-A. (i) Section..... (ii) Section..... (iii) Section..... (iv) Section..... (v) Section.....	-	
Verification			
I,.....,son/daughter of..... do hereby certify that the information given above is complete and correct.			
Place.....		(Signature of the employee) Full Name	
Date.....			
Designation			

Annexure 3

Valuation of leave travel allowance/concession in India [Sec.10 (5)]-

Leave travel assistance, extended by an employer to an employee for going anywhere in India along his family, is exempt on the basis of provisions given in the table below-

<u>Different Situations</u>	<u>Amount Of Exemption if Journey is Performed on or after October 1,1997</u>
<ul style="list-style-type: none"> • Where journey is performed by air 	Amount of air economy class fare of the national carrier by the shortest route or the amount spent, whichever is less
<ul style="list-style-type: none"> • Where journey is performed by rail 	Amount of air-conditioned first class rail fare by the shortest route or the amount spent, whichever is less
<ul style="list-style-type: none"> • Where the place of origin of journey and destination are connected by rail and journey is performed by any other mode of transport 	Amount of air-conditioned first class rail fare by the shortest route or the amount spent, whichever is less.
<ul style="list-style-type: none"> • Where the places 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 	First class or deluxe class fare by the shortest route or the amount spent, whichever is less
<ul style="list-style-type: none"> ○ Where no recognised public transport system exists 	Air-conditioned first class rail by the shortest route (as if journey had been performed by rail) or the amount actually spent, whichever is less.