

**Exemption from production of rent receipt if HRA is upto Rs. 3000  
And  
Mandatory production of PAN of the LANDLORD if rent paid by  
the employee exceeds Rs. 1,80,000 per annum**

Extracts from the **CIRCULAR NO 05/2011 [F.No. 275/192/2011-IT(B) ] Dated 16/08/2011** of Government of India, Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, New Delhi.

**SUBJECT: INCOME-TAX DEDUCTION FROM SALARIES DURING THE FINANCIAL YEAR 2011-2012 UNDER SECTION 192 OF THE INCOME-TAX ACT, 1961.**

For this purpose, "Salary" includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.

It has to be noted that only the expenditure actually incurred on payment of rent in respect of residential accommodation occupied by the assessee subject to the limits laid down in Rule 2A, qualifies for exemption from income-tax. Thus, house rent allowance granted to an employee who is residing in a house/flat owned by him is not exempt from income-tax. The disbursing authorities should satisfy themselves in this regard by insisting on production of evidence of actual payment of rent before excluding the House Rent Allowance or any portion thereof from the total income of the employee.

Though incurring actual expenditure on payment of rent is a pre-requisite for claiming deduction under section 10(13A), **it has been decided as an administrative measure that salaried employees drawing house rent allowance upto Rs.3000/- per month will be exempted from production of rent receipt.** It may, however, be noted that this concession is only for the purpose of tax-deduction at source, and, in the regular assessment of the employee, the Assessing Officer will be free to make such enquiry as he deems fit for the purpose of satisfying himself that the employee has incurred actual expenditure on payment of rent. **Further if annual rent paid by the employee exceeds Rs 1,80,000 per annum, it is mandatory for the employee to report PAN of the landlord to the employer.** 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 should be filed by the employee.