

Government of West Bengal
Public Works Department
Establishment Branch
Writers' Buildings, Kolkata- 700 001.

No.: 4042-E

Dated: 27.12.2016

MEMORANDUM

Sub: Clarification regarding income tax treatment on interest on House Building Advance taken from Government

It has been observed that some DDOs are allowing deduction in respect of interest on HBL Advance taken from Government even though the principal amount has been totally recovered. This has resulted in wrong calculation of income tax liability of an employee.

As per Circular No. 363 dated 24.04.1983, deduction u/s 24(1)(vi) in respect of interest on borrowed capital for House Building Advance would be on the basis of accrual of interest which would start running from the date of drawal of the advance. The interest that accrues is to be calculated annually in terms of rule 6 of the House Building Advance Rules on the balances outstanding on the last day of each month.

In case of an employee has not availed the benefit earlier due to ignorance, he may always claim the same by filling revised returns to the appropriate authorities of the income tax department.

This has the concurrence of Finance Department, Group- T vide U.O. No. Group T/2016-2017/0639 dated 08.12.2016.

Joint Secretary (Personnel), PWD.

No.: 4042/1(25)-E

Dated: 27.12.2016

Copy forwarded for information & necessary action to:

1. The Principal Accountant General (A&E), Treasury Buildings, Kolkata- 700 001.
2. The _____ DDOs, P.W.D/ P.W. (Roads)/ Social Sector.
3. The Chief Engineer, _____ Dte.
4. The Jt. Secretary (Technical), P.W. (Roads Wing)
5. The Jt. Secretary (Administration), P.W. (Roads Wing)
6. The Deputy Secretary, P.W. (Roads Wing).
7. The Deputy Secretary (Admn.), PWD, Writers' Buildings, Kolkata- 700 001.
8. The Superintending Engineer, _____ Circle, PW/ PW (R)/ PW (Social Sector) Dte.
9. The Executive Engineer, _____ Division, PW/ PW (R)/ PW (Social Sector) Dte.
10. The Assistant Engineer, _____ Sub-Division, PW/ PW (R)/ PW (Social Sector) Dte.
11. The P.S. to Principal Secretary, Public Works Department.
12. The Executive Engineer, I.T. Division for uploading.
13. Guard File.

Joint Secretary (Personnel), PWD.