



# RAMA UNIVERSITY

www.ramauniversity.ac.in

**FACULTY OF COMMERCE AND MANAGEMENT**

**COURSE: B.COM III SEM.**

**SUBJECT: Income Tax Laws and Practice**

**SUBJECT CODE: BCH 320**

**LECTURE: 7**

**NAME OF FACULTY: DR. PALASH BAIRAGI**

## LECTURE-7



## 4. Exempt Income

What is Exempt Income?

Any income earned which is not subject to income tax is called exempt income. As per Section 10 of the Income Tax Act, 1961, there are certain types of income which will be subjected to income tax within a financial year, provided they meet certain guidelines and conditions.

Types of Exempt Income

Following are the types of income that are exempt from tax-

1. House Rent Allowance.
2. Allowance on transportation, children's education, subsidy on hostel fee.
3. Exemption on Housing Loan.
4. Income defined as per Section 10, Section 54 of the Income Tax Act, 1961.
5. Leave and Travel Allowance.

Income Exempt from Tax as per Section 10

**Mentioned below is the list of income exempt from tax specific to Section 10:**

1. Agriculture Income [Section 10(1)]
2. Amount received out of family income, Hindu Undivided Family (H.U.F.) [Section 10(2)]
3. Share of profit, [Section 10(2A)]
4. Interest paid to Non-Resident [Section 10(4)(i)]
5. Interest to Non-Resident on Non-Resident (External) Account [Section 10(4)(ii)]
6. Interest paid to a person of Indian Origin and who is Non-Resident [Section 10(4 B)]
7. Leave Travel Concession or Assistance [Section 10(5)]
8. Remuneration or Salary received by an individual who is not a citizen of India [Section 10(6)]  
a. Remuneration [U/s 10(6)(ii)]  
b. Remuneration received as an employee of foreign enterprise [U/s 10(6)(vi)]  
c. Employment on a foreign ship [U/s 10(6)(viii)]  
d. Remuneration received by an employee of foreign government [U/s 10(6)(xi)]
9. Tax paid by Government or Indian concern on Income of a Foreign Company [Section 10(6A), (6B), (6BB) and (6C)]
10. Perquisites/Allowances paid by Government to its Employees serving outside India [Section 10(7)]

11. Employees of Foreign Countries working in India under Cooperative Technical Assistance Programme [Section 10(8)]
12. Income of a Consultant [Section 10(8A)]
13. Income of Employees of Consultant [Section 10(8B)]
14. Income of any member of the family of individuals working in India under cooperative technical assistance programmes [Section 10(9)]
15. Gratuity [Section 10(10)] a. Gratuity received by Government servants [Section 10(10)(i)] b. Gratuity Received by a Non-Government Employee covered by Payment of Gratuity Act, 1972 [Section 10(10)(ii)]
16. Commuted value of Pension Received [Section 10(10A)]
17. Amount received as Leave Encashment on Retirement [Section 10(10AA)]
18. Retrenchment Compensation received by Workmen [Section 10(10B)]
19. Payment received under Bhopal Gas Leak Disaster (Processing of Claims) Act 1985 [Section 10 (10BB)]
20. Compensation received in case of any disaster [Section 10(10BC) ]
21. Retirement Compensation from a Public Sector Company or any other Company [Section 10(10C)]
22. Tax on Non-monetary Perquisites paid by Employer [Section 10(10CC)]
23. Amount received under a Life Insurance Policy [Section 10(10D)]
24. Statutory Provident Fund [Section 10(11)]
25. Recognized Provident Fund [Section 10(12)]
26. Superannuation Fund [Section 10(13)]
27. House Rent Allowance-HRA [Section 10(13A)]
28. Business Expenditure Allowance [Section 10(14)]
29. Interest Incomes [Section 10(15)]
30. Scholarship [Section 10(16)]
31. Allowance of M.P./M.L.A.I or M.L.C. [Section 10(17)]
32. Awards Instituted by Government [Section 10(17A)]
33. Pension received by certain winners of gallantry awards [Section 10(18)]
34. Family pension received by family members of armed forces including para military forces [Section 10(19)]
35. Income of a Local Authority [Section 10(20)]
36. Income of Scientific Research Association [Section 10(21)]
37. Income of a News Agency [Section 10(22B)]
38. Income of some Professional Institutions [Section 10(23A)]

39. Exemption of Income Received by Regimental Fund [Section 23AA] a. Income of a Fund set-up for the welfare of employees or their dependents [Section 10(23AAA)] b. Income of a pension fund set up by LIC or other insurer [Section 10(23AAB)]
40. Income of State Level Khadi and Village Industries Board [Section 10(23BB)] a. Income of certain Authorities set up to manage Religious and Charitable Institutions [Section 10(23BBA)] b. Income of European Economic Community [Section 10(23BBB)] c. Income of a SAARC Fund for regional projects [Section 10(23BBC)] d. Any income of Insurance Regulatory and Development Authority [Section 10(23BBE)] e. Income of Prasar Bharti [Section 10(23BBH)] [Inserted by the Finance Act 2012, w.e.f. 2013-14]
41. Any income received by a person on behalf of following Funds [Section 10(23C)]
42. Income of Mutual Fund [Section 10(23D)]
43. Exemption of income of a securitization trust [Section 10(23DA)] [w.e.f. A.Y. 2014-15]
44. Income of Investor Protection Fund [Section 10(23EA)]
45. Exemption of income of investor protection fund of depository [Section 10(23ED)] [w.e.f. A.Y. 2014-15]
46. Exemption for Certain Incomes of a Venture Capital Company or Venture Capital Fund from Certain Specified Business or Industries [Section 10 (23FB)]
47. Income of Registered Trade Unions [Section 10(24)]
48. Income of Provident and Superannuation Funds [Section 10(25)]
49. Income of Employee's State Insurance Fund [Section 10 (25A)]
50. Income of Schedule Tribe Members [Section 10(26) and 10(26A)]
51. Income of Sikkimese individual [Section 10(26AAN)] (With retrospective effect from 1-4-1990)
52. Regulating the marketing of agricultural produce [Section 10[26AAB]
53. Income of a corporation set-up for promoting the interests of Scheduled Castes, Scheduled Tribes or Backward Classes [Section 10(26B)]
54. Income of a corporation set-up to protect the interests of Minorities [Section 10(26BB)]
55. Any income of a Corporation established for Ex-Servicemen [Section 10(26BBB)]
56. Income of cooperative society looking after the interests of Scheduled Castes or Scheduled Tribes or Both [Section 10(27)]
57. Any income accruing or arising to Commodity Boards etc. [Section 10(29A)]
58. Amount received as subsidy from or through the Tea Board [Section 10(30)]
59. Amount received as subsidy from or through the concerned Board [Section 10(31)]
60. Income of Child Clubbed U/s 64 (IA) [Section 10(32)]
61. Income by way of dividend from Indian company [Section 10(34)]

62. Exemption of income to a shareholder on buyback of shares of unlisted company  
[Section 10 (34A) [w.e.f. A.Y. 2014-15]
63. Exemption of income from Units [Section 10(35)]
64. Exemption of income from Securitization Trust [Section 10(35A)] [w.e.f A.Y. 2014-15]

**For More Detail:**

<https://www.hostbooks.com/in/income-under-the-head-salary/>

<http://incometaxmanagement.com/Pages/Tax-Ready-Reckoner/Residential-Status/Residential-Status-Of-An-Individual.html>