

Ministry of Labour & Employment

Income tax exemption for gratuity enhanced Up to Rs. 20 lakhs

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Ministry of Finance has enhanced the income tax exemption for gratuity under section 10 (10) (iii) of the Income Tax Act, 1961 to Rs. 20 lakhs. Shri Santosh Kumar Gangwar, Minister of State for Labour and Employment has expressed hope that this would benefit those employees of PSUs and other employees not covered by Payment of Gratuity Act, 1972 and has thanked the Finance Minister for enhancing the exemption limit.

The ceiling of Gratuity amount under the Payment of Gratuity Act, 1972 has been raised from time to time keeping in view over-all economic condition and employers capacity to pay and the salaries of the employees, which have been increased in private sector and in PSUs. The latest such enhancement of ceiling of gratuity was made vide Government of India Notification dated 29.03.2018 under which the gratuity amount ceiling has been increased from Rs.10 lakhs to 20 lakhs w.e.f. 29.3.2018.

RCJ/SKP/IA

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