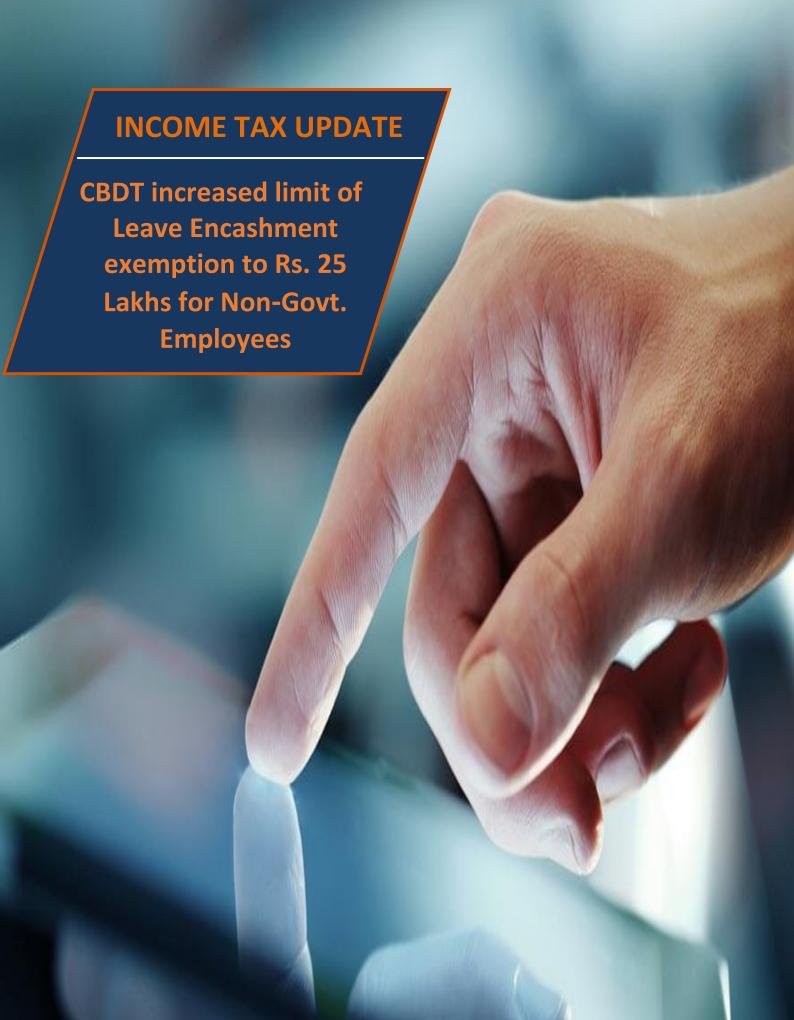
DEWAN P.N. CHOPRA & CO.



CBDT increased limit of Leave Encashment exemption u/s 10(10AA) to Rs. 25 Lakhs for Non- Government Employees

CBDT vide Notification No. 31/2023 dated 24.05.2023 has notified Rs. 25 Lakhs as exemption limit under Section 10(10AA) with regard to Leave Encashment received by non-government employees on retirement. Prior to this Notification, the exemption limit was Rs. 3 Lakhs. The notification comes into effect from 01.04.2023.

Further, CBDT vide its Press Release dated 25.05.2023 has provided the following clarifications w.r.t. the Notification No. 31/2023:

That the aggregate amount exempt from incometax u/s 10(10AA)(ii) shall not exceed the limit of Rs. 25 Lakhs where such payments are received

- by a non-government employee from more than one employer in the same previous year.
- ➤ That the amount exempt from income-tax u/s 10(10AA)(ii) shall not exceed the limit of Rs. 25 Lakhs as reduced by the tax exemption already allowed in the total income of the employee under section 10(10AA)(ii) of any previous year or years.

For details, please refer the following:

- CBDT Notification No. 31/2023 dated 24.05.2023
 https://egazette.nic.in/WriteReadData/2023/246047.pdf
- CBDT Press Release dated 25.05.2023
 PressRelease-Increased-limit-for-tax-exemption-on-leave-encashment-for-non-government-salaried-employees-notified-25-5-23.pdf (incometaxindia.gov.in)

DISCLAIMER: - The summary information herein is based on CBDT Notification No. 31/2023 dated dated 24.05.2023 CBDT Press Release and 25.05.2023. While the information is believed to be accurate, we make no representations or warranties, or implied, as to the express accuracy completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.