

F.No.173/10/2026-ITA-I
Government of India / भारत सरकार
Ministry of Finance / वित्त मंत्रालय
Department of Revenue / राजस्व विभाग
Central Board of Direct Taxes / केंद्रीय प्रत्यक्ष कर बोर्ड

हॉल संख्या 14049 एफ़, ए विंग, कर्तव्य भवन - 1, नई दिल्ली
नई दिल्ली, दिनांक 23 जनवरी, 2026

कार्यालय ज्ञापन OFFICE MEMORANDUM

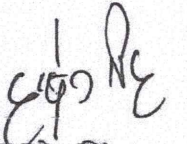
Sub: Clarification regarding taxability of Leave Travel Concession (LTC), Medical Reimbursement Claims etc. claims u/s 115BAC in the New Tax Regime - reg

Kindly refer to your OM No.G-26033/01/2026-Cash dated 12.01.2026 seeking clarification regarding Clarification regarding taxability of Leave Travel Concession (LTC), Medical Reimbursement Claims etc. claims u/s 115BAC in the New Tax Regime.

2. In the matter, the undersigned is directed to say that as per the provisions provided in Section 10(5) of the Act (exemption for leave travel concession), Section 80 DD (deductions in respect of maintenance including medical treatment of a dependent who is a person with disability), Section 80 DDB (deductions in respect of medical treatment) is **not** available under the New Tax Regime of Section 115BAC). Copies of Sections 10(5), 80 DD, 80 DDB and Section 115 BAC are enclosed for ready reference as per Annexure.

This issues with the approval of Member (IT), CBDT.

Encls: As above


(हरदेव सिंह)
अवर सचिव (आई टी ए)-1

To

The Under Secretary (Coordination),
Department of Revenue, M/o Finance,
Government of India.
New Delhi.

Copy for information to CIT (C&S), CBDT.

Section 10(5)

“(5) in the case of an individual, the value of any travel concession or assistance received by, or due to, him,—

(a) from his employer for himself and his family, in connection with his proceeding on leave to any place in India ;

(b) from his employer or former employer for himself and his family, in connection with his proceeding to any place in India after retirement from service or after the termination of his service,

subject to such conditions as may be prescribed (including conditions as to number of journeys and the amount which shall be exempt per head) having regard to the travel concession or assistance granted to the employees of the Central Government :

Provided that the amount exempt under this clause shall in no case exceed the amount of expenses actually incurred for the purpose of such travel:

Provided further that for the assessment year beginning on the 1st day of April, 2021, the value in lieu of any travel concession or assistance received by, or due to, such individual shall also be exempt under this clause subject to the fulfilment of such conditions (including the condition of incurring such amount of such expenditure within such period), as may be prescribed.

Explanation 1.—For the purposes of this clause, "family", in relation to an individual, means—

(i) the spouse and children of the individual ; and

(ii) the parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual.

Explanation 2.—For the removal of doubts, it is hereby clarified that where an individual claims exemption and the exemption is allowed under the second proviso in connection with the prescribed expenditure, no exemption shall be allowed under this clause in respect of such prescribed expenditure to any other individual;”

3.1 The provisions of medical reimbursement claims are governed u/s 80DD and 80DDB of the Act which are as under :-

Section 80DD - Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability.

"(1) Where an assessee, being an individual or a Hindu undivided family, who is a resident in India, has, during the previous year,—

(a) incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or

(b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in sub-section (2) and approved by the Board in this behalf for the maintenance of a dependant, being a person with disability, the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of seventy-five thousand rupees from his gross total income in respect of the previous year:

Provided that where such dependant is a person with severe disability, the provisions of this sub-section shall have effect as if for the words "seventy-five thousand rupees", the words "one hundred and twenty-five thousand rupees" had been substituted.

(2) The deduction under clause (b) of sub-section (1) shall be allowed only if the following conditions are fulfilled, namely:—

(a) the scheme referred to in clause (b) of sub-section (1) provides for payment of annuity or lump sum amount for the benefit of a dependant, being a person with disability,—

(i) in the event of the death of the individual or the member of the Hindu undivided family in whose name subscription to the scheme has been made; or

(ii) on attaining the age of sixty years or more by such individual or the member of the Hindu undivided family, and the payment or deposit to such scheme has been discontinued;

(b) the assessee nominates either the dependant, being a person with disability, or any other person or a trust to receive the payment on his behalf, for the benefit of the dependant, being a person with disability.

(3) If the dependant, being a person with disability, predeceases the individual or the member of the Hindu undivided family referred to in sub-section (2), an amount equal to the amount paid or deposited under clause (b) of sub-section(1) shall be deemed to be the income of the assessee of the previous year in which such amount is received by the assessee and shall accordingly be chargeable to tax as the income of that previous year.

(3A) The provisions of sub-section (3) shall not apply to the amount received by the dependant, being a person with disability, before his death, by way of annuity or lump sum by application of the condition referred to in sub-clause(ii) of clause (a) of sub-section (2).

(4) The assessee, claiming a deduction under this section, shall furnish a copy of the certificate issued by the medical authority in the prescribed form and manner, along with the return of income under section 139, in respect of the assessment year for which the deduction is claimed:

Provided that where the condition of disability requires reassessment of its extent after a period stipulated in the aforesaid certificate, no deduction under this section shall be allowed for any

assessment year relating to any previous year beginning after the expiry of the previous year during which the aforesaid certificate of disability had expired, unless a new certificate is obtained from the medical authority in the form and manner, as may be prescribed, and a copy thereof is furnished along with the return of income.

Explanation.—For the purposes of this section,—

(a) "Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India(Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);

(b) "dependant" means—

(i) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them;

(ii) in the case of a Hindu undivided family, a member of the Hindu undivided family, dependent wholly or mainly on such individual or Hindu undivided family for his support and maintenance, and who has not claimed any deduction under section 80U in computing his total income for the assessment year relating to the previous year;

(c) "disability" shall have the meaning assigned to it in clause (i) of section 2 of the Persons with Disabilities(Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) and includes "autism", "cerebral palsy" and "multiple disability" referred to in clauses (a), (c) and (h) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);

(d) "Life Insurance Corporation" shall have the same meaning as in clause (iii) of sub-section (8) of section 88;

(e) "medical authority" means the medical authority as referred to in clause (p) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) or such other medical authority as may, by notification, be specified by the Central Government for certifying "autism", "cerebral palsy", "multiple disabilities", "person with disability" and "severe disability" referred to in clauses (a), (c), (h), (j) and (o) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);

(f) "person with disability" means a person as referred to in clause (t) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) or clause (j) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);

(g) "person with severe disability" means—

(i) a person with eighty per cent or more of one or more disabilities, as referred to in sub-section (4)of section 56 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996); or

(ii) a person with severe disability referred to in clause (o) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act,1999 (44 of 1999);(h) "specified company" means a company as referred to in clause

(h) of section 2 of the Unit Trust of India(Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002)."

(ii) for any previous year relevant to the assessment year beginning on 37[or after] the 1st day of April, 2025, shall be computed at the rate of tax given in the following Table, namely:—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 7,00,000	5 per cent;
3.	From Rs. 7,00,001 to Rs. 10,00,000	10 per cent;
4.	From Rs. 10,00,001 to Rs. 12,00,000	15 per cent;
5.	From Rs. 12,00,001 to Rs. 15,00,000	20 per cent;
6.	Above Rs. 15,00,000	30 per cent;

Following clause (iii) shall be inserted after clause (ii) of sub-section (1A) of section 115BAC by the Finance Act, 2025, w.e.f. 1-4-2026:

(iii) for any previous year relevant to the assessment year beginning on or after the 1st April, 2026, shall be computed at the rate of tax given in the following Table, namely:—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs. 4,00,000	Nil
2.	From Rs. 4,00,001 to Rs. 8,00,000	5 per cent
3.	From Rs. 8,00,001 to Rs. 12,00,000	10 per cent
4.	From Rs. 12,00,001 to Rs. 16,00,000	15 per cent
5.	From Rs. 16,00,001 to Rs. 20,00,000	20 per cent
5.	From Rs. 20,00,001 to Rs. 24,00,000	25 per cent
6.	Above Rs. 24,00,000	30 per cent.

38[(2) For the purposes of sub-section (1A), the total income of the person referred to therein, shall be computed—

(i) without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of section 10 or section 10AA or clause (ii) or clause (iii) of section 16 or clause (b) of section 24 [in respect of the property referred to in sub-section (2) of section 23] or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or sub-section(2) of section 80CCH or section 80JJAA;]

(ii) without set off of any loss,—(a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); (b) under the head "Income from house property" with any other head of income;

(iii) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section(1) of the said section, determined in such manner as may be prescribed; and
(iv) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.

(3) The loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:

Provided that where there is a depreciation allowance in respect of a block of assets which has not been given full effect prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the prescribed manner, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021:

39[**Provided further** that in a case where,—

i) the assessee has not exercised the option under sub-section (5) for any previous year relevant to the assessment year beginning on or before the 1st day of April, 2023;

(ii) the income-tax on the total income of the assessee is computed under sub-section (1A); and
(iii) there is a depreciation allowance in respect of a block of assets which has not been given full effect prior to the assessment year beginning on the 1st day of April, 2024, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2023 in the manner as may be prescribed.]

40[(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section(1A) of section 80LA,—

(i) who has exercised option under sub-section (5) for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021 but before the 1st day of April, 2024;

(ii) whose total income is computed under sub-section (1A), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfilment of the conditions contained in the said section.

Explanation.—For the purposes of this sub-section, the term "Unit" shall have the meaning assigned to it in clause(zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).]

(5) Nothing contained in this section shall apply unless option is exercised in the prescribed manner by the person,—

(i) having income from business or profession, on or before the due date specified under sub-section (1) of section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021, and such option once exercised shall apply to subsequent assessment years;

(ii) having income other than the income referred to in clause (i), alongwith the return of income to be furnished under sub-section (1) of section 139 for a previous year relevant to the assessment year:

Provided that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any income from business or profession in which case, option under clause (ii) shall be available:

41-42[**Provided further** that the provisions of this sub-section shall not apply for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2024.]

s41-42[(6) Nothing contained in sub-section (1A) shall apply to a person where an option is exercised by such person, in the manner as may be prescribed, for any assessment year, and such option is exercised,—

- (i) on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for such assessment year, in case of a person having income from business or profession, and such option once exercised shall apply to subsequent assessment years; or*
- (ii) along with the return of income to be furnished under sub-section (1) of section 139 for such assessment year, in case of a person not having income referred to in clause (i):*

Provided that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise the option under this sub-section, except where such person ceases to have any income from business or profession in which case, option under clause (ii) shall be available.]”

Section 11BAC:-

“(1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or a Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021 35[but before the 1st day of April, 2024], shall, at the option of such person, be computed at the rate of tax given in the following Table, if the conditions contained in sub-section (2) are satisfied, namely:—

TABLE

Sl. No. (1)	Total income (2)	Rate of tax (3)
1.	Upto Rs. 2,50,000	Nil
2.	From Rs. 2,50,001 to Rs. 5,00,000	5 per cent
3.	From Rs. 5,00,001 to Rs. 7,50,000	10 per cent
4.	From Rs. 7,50,001 to Rs. 10,00,000	15 per cent
5.	From Rs. 10,00,001 to Rs. 12,50,000	20 per cent
6.	From Rs. 12,50,001 to Rs. 15,00,000	25 per cent
7.	Above Rs. 15,00,000	30 per cent:

Provided that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and other provisions of this Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year:

Provided further that where the option is exercised under clause (i) of sub-section (5), in the event of failure to satisfy the conditions contained in sub-section (2), it shall become invalid for subsequent assessment years also and other provisions of this Act shall apply for those years accordingly. 36[(1A) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons (other than a co-operative society), or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, other than a person who has exercised an option under sub-section (6),—(i) for any previous year relevant to the assessment year beginning on the 1st day of April, 2024, shall be computed at the rate of tax given in the following Table, namely:—

TABLE

Sl. No. (1)	Total income (2)	Rate of tax (3)
1.	Upto Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 6,00,000	5 per cent;
3.	From Rs. 6,00,001 to Rs. 9,00,000	10 per cent;
4.	From Rs. 9,00,001 to Rs. 12,00,000	15 per cent;
5.	From Rs. 12,00,001 to Rs. 15,00,000	20 per cent;
6.	Above Rs. 15,00,000	30 per cent;

Section - 80DDB - Deduction in respect of medical treatment, etc.

“Where an assessee who is resident in India has, during the previous year, actually paid any amount for the medical treatment of such disease or ailment as may be specified in the rules made in this behalf by the Board—

- (a) for himself or a dependant, in case the assessee is an individual; or*
- (b) for any member of a Hindu undivided family, in case the assessee is a Hindu undivided family, the assessee shall be allowed a deduction of the amount actually paid or a sum of forty thousand rupees, whichever is less, in respect of that previous year in which such amount was actually paid :*

Provided that no such deduction shall be allowed unless the assessee obtains the prescription for such medical treatment from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist, as may be prescribed :

Provided further that the deduction under this section shall be reduced by the amount received, if any, under an insurance from an insurer, or reimbursed by an employer, for the medical treatment of the person referred to in clause (a) or clause (b) :

Provided also that where the amount actually paid is in respect of the assessee or his dependant or any member of a Hindu undivided family of the assessee and who is a senior citizen, the provisions of this section shall have effect as if for the words "forty thousand rupees", the words "one hundred thousand rupees" had been substituted :

Explanation.—For the purposes of this section,—

(i) "dependant" means—

- (a) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them,*
- (b) in the case of a Hindu undivided family, a member of the Hindu undivided family, dependant wholly or mainly on such individual or Hindu undivided family for his support and maintenance;*

*(ii) [***]*

(iii) "insurer" shall have the meaning assigned to it in clause (9) of section 2 of the Insurance Act, 1938 (4 of 1938);

(iv) "senior citizen" means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year;

*(v) [***]"*