

NO.FIN-C(A)3)2/2007
GOVERNMENT OF HIMACHAL PRADESH
DEPARTMENT OF FINANCE(REGULATION)

From

The Principal Secretary(Finance)to the
Government of Himachal Pradesh.

To

1. All Secretaries to the
Government of H.P. Shimla-2
2. All Heads of Departments in H.P.
3. Registrar General,
H.P .High Court,Shimla-1
4. All Divisional Commissioners in H.P.
- 5.. All Deputy Commissioners in H.P.

DATED SHIMLA-2 30th OCTOBER,2008

SUBJECT:- FINAL WITHDRAWAL OF GPF ACCMULATION-RETENTION
THEREOF.

Sir,

This letter is in continuation of this department Notification No. Fin c)A(3)6/96-II dated 28.8.207 on the subject stated above vide which the State Government has carried out the following amendment in the General Provident Fund(Civil Services) Rules, 1960 as applicable to the employees of H.P. Government:-

"Provided further that where a retiree wants to retain GPF accumulation with the Government beyond prescribed period under sub-rule (4) of rule 11 ibid, he may be permitted to do so by the concerned Head of Office, on receipt such cases, interest as allowed by the State Government GPF from time to time, will be payable."

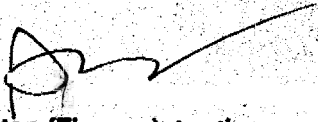
An issue had arisen whether the interest payable to the retiree beyond six months on the GPF accumulation, will be exempted for the purpose of tax benefits, as in the case of interest received on GPF accumulation, during the normal service of an employee.

The matter was taken up with the Income Tax Department which has clarified as under:-

"the Govt. provident funds including Provident Fund of State Government are set under the Indian Provident Fund Act, 1925. These are not the funds that are referred to in Schedule IV of the Income Tax Act and are not required to be recognized by the Department. As per section 10(11) of the Act, any payment received by a person from GPF constituted under the Indian provident Act, 1925 is exempt from Tax. This is a blanket exemption in respect of all moneys received whether by way of accumulated balances or by way of interest from a Govt. Provident Fund. So therefore, the payment of interest or credit interest to the account of the employees will continue to remain exempt u/s 10(11) of the Income Tax Act."

This amendment in GPF Rules and clarification given by the Income Tax Department on the issue of Income Tax on interest earned, even after the retirement of an employee may kindly be brought to the knowledge of all officers/employees working under your control.

This letter may also be seen in Finance Department website www.himachal.gov.in/finance/

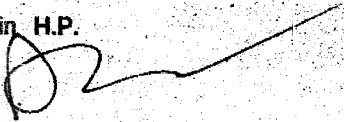


Special Secretary(Finance) to the
Government of Himachal Pradesh.

Endst. No. Fin(C)A(3)2/2007 Dated Shimla-2, 30th October, 2008

Copy forwarded to :-

1. Accountant General, H.P. Shimla-3 w.r.t. his letter No. Fund Retention of GPF/2008-09/519, date 7.8.2008 for information & necessary action.
2. The Chief Commissioner of Income Tax Railway Board Building, Shimla-3 w.r.t. his letter No. CCIT/HP/Jud/Misc./17/2008-09/4544, dated 8/9.10.2008 for information.
3. All Dist. Treasury Officers/Treasury Officers in H.P.



Special Secretary(Finance) to the
Government of Himachal Pradesh..