

भारतीय राष्ट्रीय राजमार्ग प्राधिकरण  
(सड़क परिवहन और राजमार्ग मंत्रालय)  
**National Highways Authority of India**  
(Ministry of Road Transport & Highways)  
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No.11041/21/2002-Admn

5<sup>th</sup> September, 2002

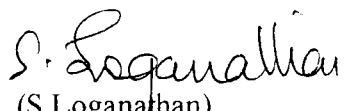
**POLICY MATTERS: ADMINISTRATION/FINANCE (18/2002)**

**Sub : Tax Deduction at source on Medical Reimbursement**

Under the Income Tax Act, 1961 and the relevant rules thereunder, any reimbursement of medical expenses shall be exempt only to the extent of Rs.15,000/- per annum. A separate (further) exemption is available only in case of hospitalization expenses where the treatment is taken in hospitals maintained by Central/State Governments or in any hospital approved by the Chief Commissioner of Income Tax (CCIT) for this purpose.

2. Hence, any payment/reimbursement of medical expenses over and above Rs.15,000/- shall be treated as a perquisite under Section 17(2) of *Income Tax Act* and included in the income of the officer/staff concerned. Income Tax will be deducted at source on such amount/s at the rates applicable.

3. Accordingly, it is informed that in case of normal medical reimbursement (i.e up to one month basic pay), tax will be deducted at source from the amount of reimbursement over and above Rs.15,000/- per annum. It is also requested that while submitting the additional claims for reimbursement of hospitalization expenses, the concerned officer/staff should invariably enclose copy of the Income Tax exemption certificate issued by the CCIT. Where such certificate is not received, tax will be deducted at source from the amount reimbursed even in case of such hospitalization expenses at the prescribed rates.

  
(S.Loganathan)  
General Manager (Admn.)

To

1. All officers & Staff
2. PIUs/CMUs