

LTC - LTC is for travel within India, from one place in India to another place in India - Is a payment made to an employee which is exempted as 'income' and hence under normal circumstances, there should be no question of TDS on this payment - LTC has to be availed by an employee within certain limitations, prescribed by the law - Firstly, the travel must be done from one designated place in India to another designated place within India - In other words, LTC is not for a foreign travel - Secondly, LTC is given for the shortest route between these two places - Admittedly, the employees of SBI in the present case, had done their travel not just within India but their journey involved a foreign leg as well - It was also not the shortest route, consequently, according to the Revenue this was not a travel from a designated place within India to another designated place in India and thus it was in violation of the statutory provisions and hence the payment made to its employees by the Bank could not be exempted, and the Bank ought to have deducted Tax at source, while making this payment - Amount received by the employees of the assessee employer towards their LTC claims is not liable for the exemption as these employees had visited foreign countries which is not permissible under the law - Income Tax Act, 1961 - S.10(5), S.192(1) - Income Tax Rules, 1962 - R.2B.

Income Tax Act, 1961 - S.10(5), S.192(1) - Income Tax Rules, 1962 - R.2B - Obligation of deducting tax is distinct from payment of tax - The appellant cannot claim ignorance about the travel plans of its employees as during settlement of LTC Bills the complete facts are available before the assessee about the details of their employees' travels - Therefore, it cannot be a case of bonafide mistake, as all the relevant facts were before the Assessee employer and he was therefore fully in a position to calculate the 'estimated income' of its employees.

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