

Employees can donate to PM-CARES Fund through Employer

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Full deduction can be claimed by an employee while referring to the Form 16 issued by the employer

New Delhi: Employees will be able to claim full deduction on the donations made through their employer to the Prime Minister's coronavirus crisis fund while computing their taxable income.

An Ordinance promulgated on 31 March had granted the same tax relief to donations made to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) fund that is available to donations made to the Prime Minister's National Relief Fund.

The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020, made donations to the PM-CARES Fund fully eligible for full deduction while computing the taxable income of the donor under Section 80G of the Act. Companies are eligible make such donations till the end of June and still can claim the deduction for their FY20 tax payments.

In case an employee makes such contribution to the PM-CARES Fund through the employer, full deduction can be claimed by referring to the Form 16 issued by the employer, said a person familiar with the development. In such cases the individual certificates may not be issued by the fund to the employee, but the form issued by the employer would be sufficient for availing the tax benefit, said the person.