

Personal Financial Management for AIS / CCS Officers



Presented by

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In This Session

- **Personal Financial Management**
- **Income & Expenditure**
- **Investment & Tax Planning**
- **CCS (Conduct) Rules, 1964 - Financial issues**
- **13(1)(e) Of Prevention of Corruption Act, 1988**
- **Annual Property Returns/IT Returns**
- **How to safeguard your hard earned money & **how you are being cheated** by Financial Institutions & Others without your knowledge**
- **PAN Card**

Personal Financial Management

- Effective Utilization of available resources for attaining objectives.
- **Objectives**
 - Become financially comfortable and enjoy good living & enough savings for basic comforts, children's education
 - Retirement Planning
 - Decent financial goals and devote your life to honorable public service
 - All or combination of above

Why Personal Financial Planning?

- Need a financial plan because it's easier to spend than to save.
- Want a financial plan since it helps you achieve financial goals.
- Use financial planning, not only to make more money, but to safe guard money & achieve goals.
- **Control your finances or they will control you.**

Why Financial Planning?

Inflation

Future cost of important goals would be much higher than present

Changing Life Stages & Life Style Needs

Private Car, Manpower cost, Children's Education

Financial Planning

Traditional investments **not as attractive due to non consideration of Tax & Inflation effect**

Lack of Planning or Presumptive approach **is the biggest cause of financial stress**

Note – Inflation is the decrease of Purchase Power of Money.
If you expect inflation to be at 7%, the goods you can buy today for Rs. 5,084 will cost you Rs. 10,000 after 10 years

With Financial Planning You Can...

- Accumulate wealth for specific expenses
- Manage the unplanned expenses / costs
- Save for retirement
- Invest intelligently
- Minimize Income Tax payments

The process of Personal Financial Planning

- Financial planning is an ongoing process – it changes as your financial situation and position in life changes.
- Five basic steps to personal financial planning:
 - Evaluate your financial health
 - Define your financial goals
 - Develop a plan of action
 - Implement your plan
 - Review your progress, reevaluate, and revise your plan accordingly

Personal Financial Planning Process

Step 1 : Evaluate Your Financial Health

- Examine your current financial situation.
 - How much money do you make?
 - How much are you spending and what are you spending it on?
 - How wealthy are you?
- Assess your financial situation by careful record keeping.

Personal Financial Planning Process

Step 2 : Define Your Financial Goals

- Define your goals, like:
 - Accumulate wealth for retirement.
 - Provide funds for a child's school/college education.
 - Buy a new vehicle/household items/house.
- Over a period of time, goals change.

Personal Financial Planning Process

Step 3 : Develop a Plan of Action

- **Flexibility**
 - Plan for life changes and the unexpected.
- **Liquidity**
 - Immediate use of cash by quickly and easily converting an asset into Cash
- **Protection**
 - Prepare for the unexpected with proper insurance
- **Minimizing Taxes**
 - Keep more of what you earn by Tax Planning

Personal Financial Planning Process

Step 4 : Implement Your Plan

- Carefully and thoughtfully develop a financial plan, then stick to it.
- Your financial plan is not the goal - it is the tool used to achieve goals.
- Keep goals in mind and work towards them by readapting your plans

Personal Financial Planning Process

Step 5 : Review Your Progress, Reevaluate, and Revise Your Plan

- Review progress and be prepared to formulate a different plan.
- The last step in financial planning often returns to the first. No plan is fixed.
- Financial Goals are fantasy without a financial plan

Establishing Your Financial Goals

- **Financial Goals Cover 3 Time Horizons**
 - **Short Term** -- within 1 year
 - **Intermediate Term** -- 1 to 10 years
 - **Long Term** -- more than 10 years

Short–Term Goals

- Accumulate Emergency Funds Equaling 3 Months' Living Expenses
- Pay off Bills and Credit Cards
- Paying Insurance Premiums
- Purchase a Major Item – TV / Fridge / AC etc.
- Finance your family requirements in the normal course

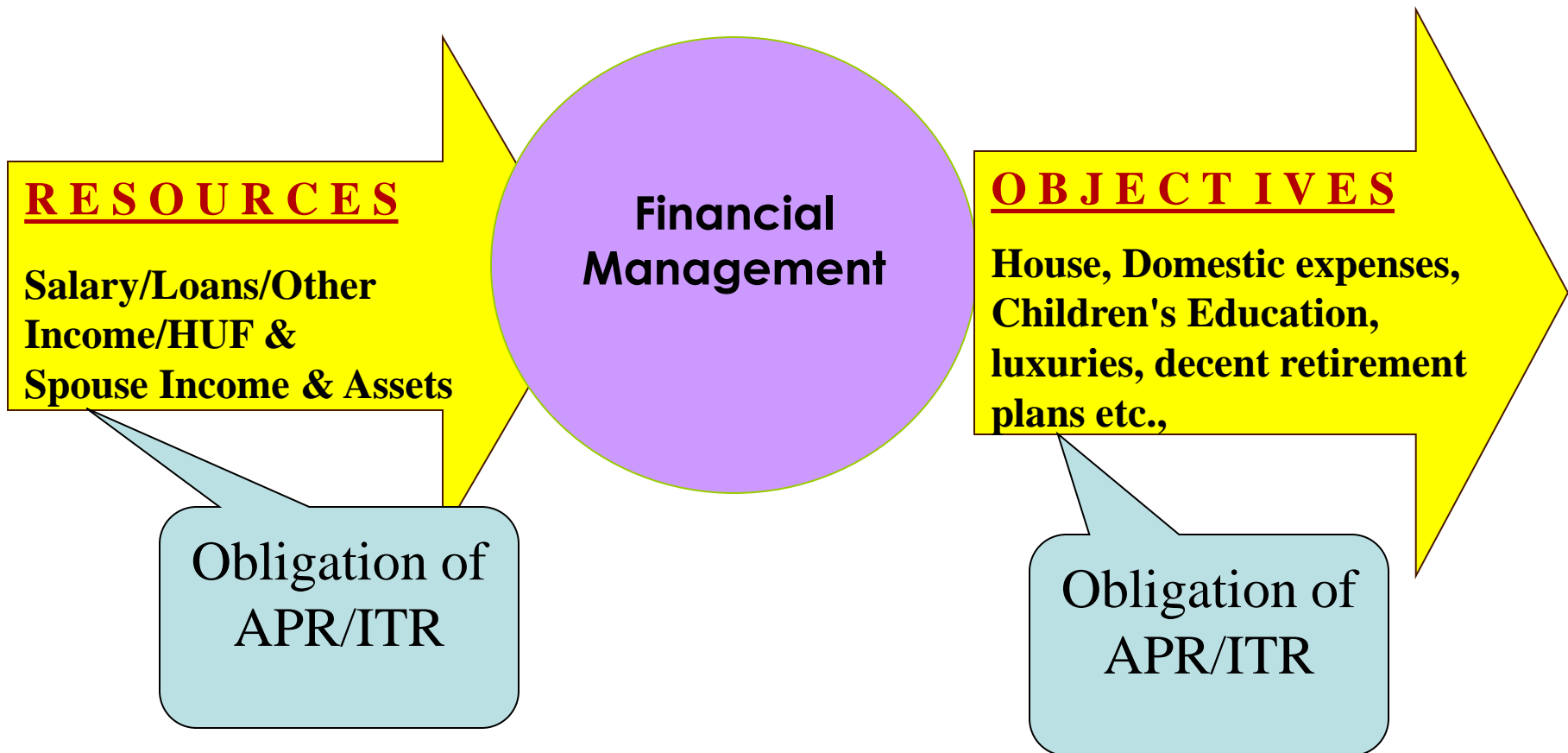
Intermediate-Term Goals

- Save for Child's Education / College
- Save for a Down Payment or a Major Home Improvement
- Pay off Major Debt
- Finance Large Expenses (Weddings)
- Purchase a Plot/Apartment / House

Long-Term Goals

- Save for Younger Child's College
- Purchase Retirement Home
- Create a Retirement Fund to Maintain Current Standard of Living
- Take Care of Elderly Family Members

Financial Management Process



Personal Financial Management

- Areas of endeavor (Resources)
 - Financial Health
 - Spending wisely
 - Home and Other real estate
 - Insurance
 - Diversified Investment portfolio
 - Retirement and Estate Planning

Personal Financial Management

Financial Health	Managing Your Money
	Budget Process
	Short Term loans
	Long Term loans

Personal Financial Management

Spending Your Money Wisely	Food
	Clothing and Personal needs
	Car / computer / Mobile – <i>essentiality, utility should rule decision</i>
	Major Appliances and Other Large Expenditures
	Taxes : Income tax and Others
Home and Other Real Estate	Home: Rent or Purchase
	Other Real Estate

Personal Financial Management

Insurance Program	Car, Property, Health
	Life Insurance & medical insurance for family, Equity Linked policies
	Principles of Insurance – Nomination, <i>Accident Riders</i>
Diversified Investment Portfolio	Mutual Funds – Open end, Closed End Funds, Debt/Equity Funds
	The Stock Market - Primary & Secondary
	Bonds, Systematic Investment Plans
	Bank Savings- SB / Fixed / Flexi / Auto Swipe / Deposits

Personal Financial Management

Estate Planning	Wills and Trusts
	Nominations

Plan for Retirement Corpus needed	Consider Inflationary effect & choose suitable Asset – Reverse Mortgage
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General Terms & Concepts in Financial Planning

- ◆ Long/Short Term Returns
- ◆ Liquidity
- ◆ Risk Vs Reward
- ◆ Fixed & Floating Interest Rates
- ◆ Capital Appreciation, Ex. Real Estate, Gold, etc.
- ◆ Tax Planning
 - Loans to spouse, Interest, Repayment of loans
 - Tax Savings, FD's, Bonds, Shares (Exempt from LTCG taxes)
- ◆ Savings Bank Account Vs Flexi Account / Auto Swipe
- ◆ Inflation and Value of Money

HINDU UNDIVIDED FAMILY (HUF)

- ◆ All persons lineally descending from a common ancestor including their wives, sons and unmarried daughters.
- ◆ One Male Member essential to form a HUF.
- ◆ The proof of inheritance is essential.
- ◆ HUF is a separate taxable entity and basic IT exemption also available. *Many Officers are not aware and losing advantage of the same.*
- ◆ *Share in HUF to be shown in APRs (as per new Lokpal Guidelines)* & also in regular Income Tax Returns and file separate IT Return if HUF comes under Tax Bracket.
- ◆ Agricultural Income – Tax Free ?

Mutual Funds

- ◆ A mutual fund is generally a professionally managed pool of money from a group of Investors to be invested in Shares & Securities.
- ◆ A mutual fund manager invests your funds in securities, including stocks and bonds, money market instruments or some combination of these, based upon the fund's investment objectives.
- ◆ By investing in a mutual fund you can diversify & get professional investment support, thereby sharply reducing your risk. Mutual funds can be classified on the basis of structure.
 - **Open-Ended Scheme** sells and repurchases units at all times. When fund sells, investor buys and when the investor redeems, the fund repurchases the units. Buying or redeeming is at a price based on the NAV. (Net Asset Value)
 - **Close-Ended Schemes** are for a certain period of time, viz. 3 / 5 years and after the offer closes, investors are not allowed to buy or redeem units from the fund. Close-ended funds are listed on stock exchanges to enable investors to buy or sell units.
 - **Entry/ Exit Load** - A charge paid when an investor buys/sells a fund. There could be a load at the time of entry or exit, but rarely at both times.
 - **Expense Ratio** - The annual expenses of the funds, including the management fee, administrative cost, divided by the fund under management.

Systematic Investment plan – Mutual Funds

This is a simple, disciplined strategy of investing your money in a mutual fund highly suited to start early in Service.

- ◆ It is a long term strategy for accumulation of wealth. SIP investor gets good rate of returns compared to a one time investor.
- ◆ In an SIP a specific amount should be invested in regular intervals in a mutual fund for a specific period, which is very similar to a recurring deposit.
- ◆ It allows you to buy units of the fund each month, ignoring the volatility in the market. While your investment remains the same, more number of units can be bought in a declining market and less number of units in a rising market. Thus you automatically participate in the market swings once the option for SIP is made.
- ◆ SIP work on the principle of rupee cost averaging. It ensures averaging of rupee cost as consistent investment ensures that average cost per unit fits in the lower range of average market price.
- ◆ SIP generally starts at minimum amounts of Rs 1,000 per month and upper limit for using an electronic clearing service (ECS) is Rs 25,000 per instruction.
- ◆ **Latest trend is NAV Guarantee Schemes in Mutual Funds.**

CENTRAL CIVIL SERVICES (CONDUCT) RULES, 1964

Financial Issues

- Rule 13** – Gift Vs Income Tax Act Definition
- Rule 15** – Private Trade or Employment
- Rule 16** – Investment, Lending & Borrowing
- Rule 17** – Insolvency and Habitual Indebtedness
- Rule 18** – Movable, Immovable & Valuable Property
Annual property statements
Income Tax Returns

Rule 13– Gift Vs Income Tax Act Definition

Acceptable only from

- Only close friends, near relatives having no official dealings

Occasion

- such as wedding, anniversaries, funerals and religious functions in conformity with the prevailing religious and social practices

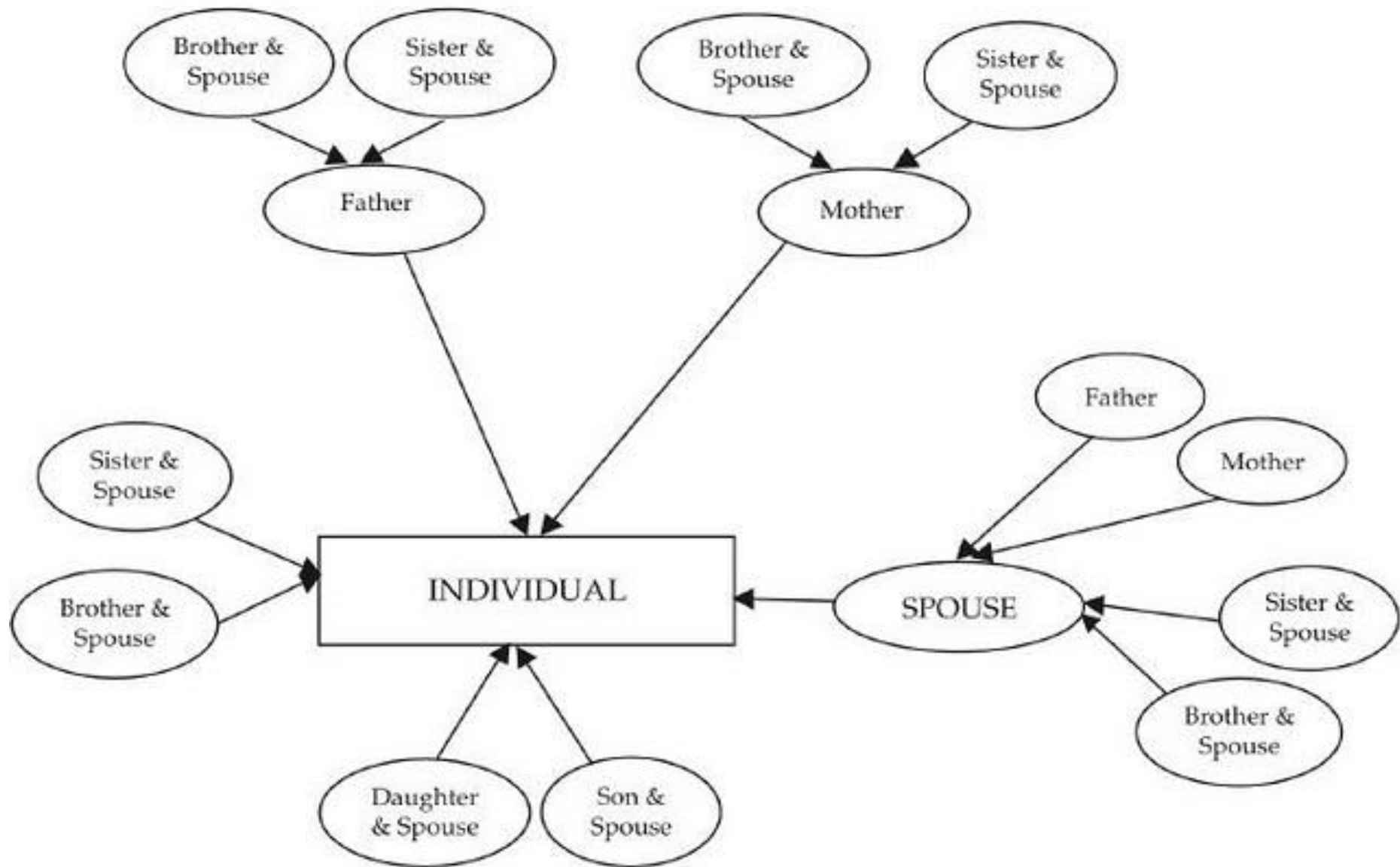
Obligation

- Shall make a report to the Government if the value of such gift exceeds Rs. 7,000 (for Group A), Rs.4000 (Group B), Rs.2000 (Group C) & Rs.1000 (Group D)
- Member of the Service shall not accept any gift without the sanction of the Government if the value of gift exceeds Rs.1,500/- (Group A & B) or Rs.500 (Group C & D) other than on above occasion.

As per Income Tax Act

- Gift accepted upto Rs. **50,000** non taxable from any one
- Gifts only from defined Close relatives are exempted and others taxable
- Not only monetary Gifts but also gifts received in kind are taxable
- List of Relatives

Definition of Relatives under IT Act



Rule 15 – Private Trade or Employment

Rule 15(1)(a) & (d)

An officer should not engage directly or indirectly in any trade or business, or canvass in support of any business of insurance agency, commission agency etc. owned or managed by any member of his family

Rule 15 (3)

Every member of the Service shall report to the Government, if any member of his family is engaged in a trade or business, or owns or manages an insurance agency or commission agency

Share in Ancestral Business Interest should also be reported

Rule 15 (4)

Govt. Servant not to accept any fee for any work done by him for any private or public body or any private person without the sanction of the prescribed authority

Rule 16 – Investment, Lending & Borrowing,

Prohibitions

- No Govt. Servant shall speculate in any stock/share/other investment

Exceptions

Not applicable to occasional investment made through Stock-brokers or other persons duly authorized or licensed under the relevant law.

Explanation

Frequent purchase or sale or both, of shares, securities or other investments, shall be deemed to be Speculation

- No Govt servant shall make or permit any member of his family or any person acting on his behalf to make, any investment which is likely to embarrass or influence him in the discharge of his official duties (*Govt's decision is final in deciding whether these fall under prohibitory clause*)
- No Govt. servant shall lend or borrow or deposit money, to or from or with, any person or firm or private limited company, with whom he is likely to have official dealings
- No Govt. servant shall lend money to any person at interest or in a manner whereby return in money or in kind is charged or paid

Rule 17 – Insolvency and Habitual Indebtedness

- Govt. Servant shall so manage his private affairs as to avoid habitual indebtedness or insolvency
- Govt. Servant is under obligation to report fact of any legal proceeding instituted for the recovery of debt due from him or for adjudging him as an insolvent

Burden of Proof

Burden of proving that the insolvency or indebtedness was result of circumstances which, with the exercise of ordinary diligence –

- Govt. Servant could not have foreseen
- Over which he has no control
- Had not proceeded from extravagant or dissipated habits

Shall be on the Govt. Servant

Rule 18 – Movable, Immovable & Valuable Property & APR

Submit a return of his assets and liabilities on his first appointment and annually in such form as may be prescribed by the Government giving the full particulars of following:

- the immovable property owned/inherited/acquired by him or in the name of any member of his family or in the name of any other person held by him on lease/mortgage either in his own name.
- Shares, debentures and cash including bank deposits inherited by him or similarly owned, acquired or held by him
- Other Movable property inherited by him or similarly owned, acquired or held by him;
- Debts and other liabilities incurred by him directly or indirectly

In APR, movable items of worth less than Rs.10000 can be clubbed and reflected.

- **Share in HUF Property should be suitably indicated**

Rule 18 – Movable, Immovable & valuable property & APR

Contd...

Permissions (With previous knowledge of the Government)

- Acquire/Dispose/lease/mortgage/sale/gift any immovable property by lease, mortgage, purchase, gift or otherwise, either in his own name or in the name of any member of his family;
- Previous sanction of the Government shall be obtained if any such transaction is with a person having official dealings with the member of the Service.

Intimation

- Shall intimate the Government in respect of each transaction, whose value exceeds Rs. 20,000 (for Group A & B) or Rs.15000 (Group C & D) or two months of basic pay, within a month of the completion of such transaction.

Govt or prescribed authority having power to order Govt. Servant to furnish full and complete statement of such movable or immovable property held or acquired by him or on his behalf by any such member of his family together with means of acquiring them

Transactions of above nature outside India can be entered into only with prior permissions

Rule 18 – Movable, Immovable & valuable property & APR

Movable property includes inter-alia the following property:

- shares, securities and debentures, jewellery, insurance policies the annual premium of which exceeds Rs.10000 or $1/6^{\text{th}}$ of total annual emoluments received from the Government, whichever is less,
- Loans advanced by or to Govt Servant, whether secured or not;
- Motor cars, motor cycles, horses, or any other means of conveyance; and
- Refrigerators, radiograms and television sets.

APRs should be submitted with status as on 31st December.

Filing protocols as per **Lokpal & Lokayuktas Act, 2013**

- Govt. had notified Public Servants (*Furnishing of Information and Annual Return of Assets and the limits of Exemption of Assets in Filing Returns*) Rules, 2014 under Lokpal and Lokayuktas Act, 2013 on 14.7.2014
- Earlier CCS officers were filing annual returns of property under CCS (Conduct) Rules, 1968
- Now the above rules mandates to file APR under new Act, even if filed as per earlier rules in force

APR Filing Protocols

Appendix – I - Annual Property Return to be filed at the time of First Induction into Service

Appendix – II - Separate Reporting Formats as under on First Appointment

Form – I - Details of Public Servant, Spouse & dependent Children

Form – II - Statement of Movable Property

Form – III - Statement of Immovable Property

Form – IV - Statement of Debts & Other Liabilities

APPENDIX - I

[Rule 3(1)]

Return of Assets and Liabilities on First Appointment or as on the 31st March, 20.....* (Under Sec 44 of the Lokpal and Lokayuktas Act, 2013.)

1. Name of the Public servant in full.....
(in block letters)
2. (a) Present public position held
(Designation, name and address.....
of organisation)
- (b) Service to which belongs
(if applicable)

Declaration:

I hereby declare that the return enclosed namely, Forms I to IV are complete, true and correct to the best of my knowledge and belief, in respect of information due to be furnished by me under the provisions of section 44 of the Lokpal and Lokayuktas Act, 2013.

Date.....

Signature.....

* In case of first appointment please indicate date of appointment.

APPENDIX - I

[Rule 3(1)]

Continued...

Note 1. This return shall contain particulars of all assets and liabilities of the public servant either in his/her own name or in the name of any other person. The return should include details in respect of assets/liabilities of spouse and dependent children as provided in Section 44 (2) of the Lokpal and Lokayuktas Act, 2013.

(Section 44(2):A public servant shall, within a period of thirty days from the date on which he makes and subscribes an oath or affirmation to enter upon his office, furnish to the competent authority the information relating to—

- (a) the assets of which he, his spouse and his dependent children are, jointly or severally, owners or beneficiaries;
- (b) his liabilities and that of his spouse and his dependent children.)

Note 2. If a public servant is a member of Hindu Undivided Family with co-parcenary rights in the properties of the family either as a 'Karta' or as a member, he should indicate in the return in Form No. III the value of his share in such property and where it is not possible to indicate the exact value of such share, its approximate value. Suitable explanatory notes may be added wherever necessary.

Note 3. "dependent children" means sons and daughters who have no separate means of earning and are wholly dependent on the public servant for their livelihood. (Explanation below Section 44(3) of Lokpal and Lokayuktas Act, 2013).

APPENDIX-II
[Rule 3(1)]

FORM No. I

Details of Public Servant, His/ Her Spouse and Dependent Children

SL No.		Name	Public Position held, if any	Whether return being filed by him/her, separately
1	Self			
2	Spouse			
3	Dependent-1			
4	Dependent-2			
5.*	Dependent-3			

* Add more rows, if necessary.

Date.....

Signature.....

Statement of movable property on first appointment or as on the 31st March, 20...

Details of the movable assets of self, spouse and dependent children:

Sl. No.	Description		Amount in Rupees				
			Self	Spouse	Dependent 1	Dependent 2	Dependent 3
(i)	Cash in hand						
(ii)	Details of deposit in Bank accounts (FDRs, Term Deposits and all other types of deposits including saving accounts), Deposits with financial Institutions, Non-Banking financial Companies and Cooperative societies and the amount in each such deposit	Name of Bank/ Financial Institutions. & Nature of Deposit					
(iii)	Details of investment in Bonds, debentures / shares and units in companies/mutual funds and others	Name of company					
(iv)	Details of investment in NSS, Postal Saving, Insurance policies and investment in any Financial instruments in Post office or Insurance Company	Nature of investment					

Form No. II

Continued.....

(v)	Detail of deposit in Provident Fund/ New Pension Scheme	Nature of Investment					
(vi)	Personal loans/advance given to any person or entity including firm, company, Trust etc. and other receivables from debtors and the amount (exceeding (a) <u>two</u> months basic pay, where applicable. (b) Rupees one lakh in other cases)	Name of Debtor					
(vii)	Motor Vehicles/Aircrafts/ Yachts/Ships (Details of Make, registration number etc., year of purchase and amount)	Nature of <u>vehicle</u> , <u>registration no.</u> & year of purchase					

Form No. II

Continued.....

(viii)	Jewellery, bullion and valuable thing(s) (give details of weight)	Gold					
	JEWELLERY	Silver					
		Precious stones/ precious metals					

	Bullion	Gold					
		Silver					
		Precious stones/ precious metals					
(ix)	Any other assets						

Date.....

Signature.....

Form No. II

Continued.....

- Note 1 :** Assets in joint name indicating the extent of joint ownership will also have to be given.
- Note 2 :** In case of deposits/Investments, the details including Amount, date of deposit, the scheme, Name of the Bank/Institution and Branch are to be given
- Note 3 :** Value of Bonds/Share Debentures as per current market value in Stock exchange in respect of listed companies and books values in case of unlisted firms.
- Note 4 :** Details including amount is to be given separately in respect of each investment.
- Note 5 :** Under (ix) details of movable assets not covered in (i) to (viii) above valuing individually over two months basic pay (where applicable), or Rs. 1.00 lakh may be indicated.

FORM NO. III

Statement of immovable property on first appointment or as on the 31st March, 20....

(e.g. Lands, House, Shops, Other Buildings, etc.)

[Held by Public Servant, his/her spouse and dependent children]

Sl. No.	Description of property (Land/ House/ Flat/ Shop/ Industrial etc.)	Precise location (Name of District, Division Taluk and Village in which the property is situated and also its distinctive number, etc.)	Area of land (in case of landed and buildings)	Nature of land in case of landed property	Extent of interest	If not in name of public servant, state in whose name held and his/her relationship, if any to the public servant	Date of acquisition	How acquired (whether by purchase, mortgage, lease, inheritance, gift or otherwise) and name with details of person/persons from whom acquired (address and connection of the Government servant, if any, with the person/persons concerned) (Please see Note 1 below) and cost of acquisition.	Present value of the property (If exact value not known, approximate value may be indicated)	Total annual income from the property	Remarks
1	2	3	4	5	6	7	8	9	10	11	12

FORM NO. III

Statement of immovable property on first appointment or as on the 31st March, 20....

(e.g. Lands, House, Shops, Other Buildings, etc.)

[Held by Public Servant, his/her spouse and dependent children]

Continued.....

Date.....

Signature.....

Note (1): For purpose of Column 9, the term "lease" would mean a lease of immovable property from year to year or for any term exceeding one year or reserving a yearly rent. Where, however, the lease of immovable property is obtained from a person having official dealings with the Government servant, such a lease should be shown in this Column irrespective of the term of the lease, whether it is short term or long term, and the periodicity of the payment of rent.

FORM No. IV

Statement of Debts and Other Liabilities on first appointment or as on 31st March, 20.....

Sl. No.	Debtor (Self/ Spouse or dependent children)	Amount	Name and address of Creditor	Date of incurring Liability	Details of Transaction	Remarks
1	2	3	4	5	6	7

Date

Signature.....

Note 1: Individual items of loans not exceeding two months basic pay (where applicable) and Rs. 1.00 lakh in other cases need not be included.

Note 2: The statement should also include various loans and advances (exceeding the value in Note 1) available from the employer like advance for purchase of conveyance, house building advance, etc. (other than advances of pay and traveling allowance), advance from the GP Fund and loans on Life Insurance Policies and fixed deposits.

APR & ITR

- **Precautions**

- Filing of Annual Property Returns promptly
 - Depicting correct data is essential after matching with the relevant Income Tax Returns
 - Giving full details of Savings effected till date and also any additions to immovable and movable assets should be mentioned
 - Share of HUF Income received if any should also be clearly mentioned in IT Return, exemption claimed and APR should also reflect the same

Other Filing protocols

- These filings have to be done both at the time of joining service as well as Annually
- Separate APR formats are specified for
 - Liquid assets
 - Movable property
 - Provident fund & life insurance
 - Debts & other liabilities (*which are covered earlier*)

RATES OF INCOME TAX

Income Slab (Rs.)	Current Tax Rates (2014-15)
Upto 2,50,000	Nil
2,50,000 to 5,00,000	10%
5,00,000 to 10,00,000	20% + 25,000
Above 10,00,000	30% + 1,25,000
Education Cess on Tax Liability (2%+1%) = 3%	

FINANCIAL MANAGEMENT

- **Personal Financial Management for an Group A Officer**
 - **A typical case is provided based on Scales of pay for an Entry Level Officer (with a Saving of Rs.40000)**

Computation of Total Income

Name : XYZ
Status : Individual
PAN : ABCD E 1234 F

Income from Salary (A)

Gross salary	576000
Less : Professional Tax (wherever applicable)	<u>2400</u>
Income from Salary	573600

Any other Income (B) **NIL**

Gross Total Income (A + B) **573600**

Less :Ded. U/s. 80C (GPF/Pension) 40000

Taxable Income 533600

INCOME TAX ON ABOVE 31720

Education Cess (3%) 952

Total Tax Payable **32672**

FINANCIAL MANAGEMENT

- **The Officer has to pay the Tax of Rs. 32672 for the Financial Year 2014-15.**
- **To reduce the same, the following saving Schemes can be utilized for a further amount of Rs. 1,10,000 U/s 80 C :-**
 - LIC
 - NSC
 - Pension Fund
 - Public Provident Fund, Addl. Contribution to GPF
 - Investment in Infrastructure Bonds
 - Housing Loan principle repayment / HL Deposit Scheme (NHB)
 - Payment of Tuition Fees for children
 - Other notified deposits/schemes

FINANCIAL MANAGEMENT

- Continuing the same example, if the Officer saves Rs.1,50,000, full benefit under Section 80C could be obtained. Following illustration shows the tax liability, if full saving is made

<u>Computation of Total Income</u>	Name : XYZ Status : Individual PAN : ABCD E 1234 F
<u>Income from Salary (A)</u>	
Gross salary	576000
Less : Professional Tax (wherever applicable)	<u>2400</u>
Income from Salary	573600
Any other Income (B)	NIL
Gross Total Income (A + B)	573600
Less :Dedns. U/s. 80C (Savings)	<u>150000</u>
Taxable Income	<u>423600</u>
INCOME TAX ON ABOVE	17360
Less: Special Relief as Income below Rs.5 Lakhs	<u>2000</u>
	15360
Education Cess (3%)	<u>461</u>
Total Tax Payable	15821

Health Insurance / Accident Riders

- In addition to earlier deduction of Rs.1.50 Lakh, additional deduction upto Rs. 15000 per annum is allowable for premium paid on Health Insurance or Preventive Health Checkup (U/s. 80D)
- Coverage would be self, his family and also parents
- Where Family Members includes Senior Citizens (crossed age of 60), deduction is enhanced even upto Rs. 20000
- There is also a facility of Accidental Riders, wherein by paying little premium more, policy holders can avail substantially high coverage towards Accidental Insurance Coverage.

Section 13(1)(e) of PC Act, 1988

If he or *any person on his behalf*, is in possession or has, at any time during the period of his office, been in possession for which the public servant cannot satisfactorily account, of pecuniary resources or property *disproportionate* to his *known sources of income*

Intimated as per provisions of any law, rules or orders as applicable to officer

DISPROPORTIONATE ASSETS

DISPROPORTIONATE ASSETS

**KNOW SOURCES OF
INCOME**

Depicted in APR/ITR

***NOT
EQUAL
TO***

**ASSETS/
EXPENDITURE / LOSSES**

Depicted in APR/ITR

Known Sources of Income

- Attached to his office or post commonly known as remuneration or salary
- Income by itself, is classic and has a wide connotation including receipts like Interest free /Non repayable loans
- Every receipt would not partake into the character of income.
Ex. TRAVELLING ALLOWANCES

Other income (as intimated to Govt. from time to time & complied with respective Tax Laws)

- On his property
- On his investments
- HUF INCOME / STREE DHAN
- Surplus in allowances is not to be treated as income

Financial Institution / Retail Frauds

(How you are being Cheated)

- **Frauds by Housing Loan Finance Companies**
 - Monthly compounding of Interest
 - Pre-payment Charges
 - Hidden Charges or wrong rate of interest application
 - Intentional late deposit of cheques
- **Frauds by Credit Card Companies**
 - Hidden Charges
 - Charging additional rate of interest than agreed upon
 - Multiple/Compound charges
 - Intentional late deposits of cheques
- **Frauds by Commercial/Nationalized/Private Sector Banks**
 - Charging adhoc sums
 - Charging additional expenses / collection charges
 - Wrong interest application than what is committed

ITRs & PAN

- PAN is essential under Income Tax Act.
- Failure to possess the same and drawing salary attracts **a penalty of Rs. 10,000 each, for both the Receiver & Pay Drawing Officer.**
 - The following are the details required for obtaining PAN Card -
 - 2 Colour Passport Size Photos (*original*)
 - Photo Identity Proof
 - Address Proof
 - Proof of Date of Birth
 - Filling up of the Prescribed Form in **Black Ink only** with Personal Details
 - Pay a Fees of Rs.105/-

Every Officer must submit to the Pay Drawing Officer either savings details or give indication for deduction of suitable tax in a phased manner.

Personal Financial Folders

- Annual Property Returns
- Income Tax Return copies
- Approvals from Govt. - Purchase of Movable & Immovable Assets
- Bank & Credit Card Statements- FOR 3 YEARS
- Documentation relating to Gold & Silver etc. - Sources
- Other Investments, Shares, NSC's - Maturity wise
- Gift Deed Documents
- Copies of Loan Documents

- **Spare two hours every month to monitor your financial status and review decisions**
- **Maintain personal financial folders to keep track of your investments including maturity details**
- **Do your home work because you have to take the exams, but of course you can avail tuitions**
- **Compare your APRs and Income Tax Returns because the due dates for both are different and file them regularly before due dates**
- **Don't go by presumptive approach that everything is alright**
- **Comply with Service Conduct Rules very strictly**
- **You are welcome to email me your personal queries**

Any Questions/Clarifications ??

THANK YOU

P. SHARATH KUMAR, LLB, CFE, CFAP, FCA.

Chartered Accountant

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