

DEDUCTION UNDER SECTION 80-JJAA FOR EMPLOYMENT OF NEW EMPLOYEES

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Sl. No.	CRITERIA	CONDITIONS
1	Eligible Business	<ol style="list-style-type: none"> 1. Section 44AB applies to the assessee. 2. Gross Total Income of the assessee includes any profits and gains derived from business
2	Amount of Deduction	30% of additional employee cost incurred in the course of such business.
3	Period of Deduction	Three (3) assessment years including the assessment year relevant to the previous year in which such employment is provided.
4	Commencement of Deductions	The assessment year relevant to the previous year in which such employment is provided.
5.	Conditions to be fulfilled by the Eligible Business	<ol style="list-style-type: none"> 1. The business must not be formed by splitting up, or the reconstruction, of an existing business, except re-establishment, reconstruction or revival by the assessee of the business in the following circumstances :- "As a direct result of – <ol style="list-style-type: none"> (a) Flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature; or (b) Riot or civil disturbance; or (c) Accidental fire or explosion; or (d) Action by an enemy or action taken in combating an enemy (whether with or without a declaration of war) at any time before the expiry of three (3) years from the end of such previous year in which such incident takes place. " (Author's Comments : Section 33B references incorporated). 2. The business must not be acquired by the assessee by way of transfer from any other person or as a result of any business reorganization.
6	Restrictions	The emoluments of the additional employees must be paid by :- <ol style="list-style-type: none"> (a) Account payee cheque (b) Account payee bank draft (c) Use of electronic clearing system through a bank account
7	Audit Compliances	The assessee furnishes a report from Chartered Accountant in the prescribed form along with the return of Income.
8	Additional Employee Cost	"Additional employee cost" means total emoluments paid or payable to additional employees employed during the previous year. Exception : <ol style="list-style-type: none"> (i) In case of Existing Business, the additional employee cost shall be NIL if, <ol style="list-style-type: none"> (a) there is no increase in the number of employees from the total number of employees employed as on the last day of the preceding year; (b) the emoluments are paid otherwise than by an account payee cheque or account payee draft or by use of electronic clearing system through a bank account. (ii) In the first year of a new business, emoluments paid or payable during the previous year shall be deemed to be additional employee cost.
9	Additional Employee	Means an employee, who has been employed during the previous year and whose employment has the effect of increasing the total number of employees employed by the employer as on the last day of the preceding year, but does not include – <ol style="list-style-type: none"> (a) an employee whose total emoluments are more than twenty-five thousand rupees per month; or (b) an employee for whom the entire contribution is paid by the Government under the Employees Pension Scheme notified in accordance with the provisions of the EPFMP Act, 1952 or (c) an employee employed for a period of less than 240 days during the previous year; or (d) an employee who does not participate in the recognised provident fund.
10	Emoluments	means any sum paid or payable to an employee in lieu of his employment by whatever name called, but does not include – <ol style="list-style-type: none"> (a) any contribution paid or payable by the employer to an employee at the time of termination of his service or superannuation or voluntary retirement, such as gratuity, severance pay, leave encashment, voluntary retirement benefits, commutation of pension and the like. (b) any lump-sum payment paid or payable to an employee at the time of termination of his service or superannuation or voluntary retirement, such as gratuity, severance pay, leave encashment, voluntary retirement benefits, commutation of pension and the like.

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