

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**RAJYA SABHA**

**UNSTARRED QUESTION NO. 1678**

ANSWERED ON 06.08.2024

**ADDITION OF BENGALURU FOR HRA EXEMPTION IN INCOME TAX**

1678. SHRI AJAY MAKAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is aware that Bengaluru is not considered a Metropolitan City for the House Rent Allowance (HRA) related tax exemptions under income tax laws; and
- (b) whether Government proposes to rightfully add Bengaluru to the already existing four designated Metropolitan Cities so that the residents can claim 50 per cent of their salary exemption from income tax equivalent to HRA?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) As per Rule 2A of the Income-tax Rules, 1962, a distinction has been drawn between the cities of Bombay, Calcutta, Delhi and Madras on the one hand and other places on the other hand with respect to the amount which is to be excluded from the total income of an assessee in respect of the special allowance granted to an employee for residential accommodation as referred to in section 10(13A) of the Income-tax Act, 1961. While a sum of 50% of salary due is considered for computing limits for the purposes of exemption under section 10(13A) of the Act in respect of the four cities as mentioned above, for other places, the said limit is taken as 40% of the amount of salary due.

(b) There is no such proposal. It has been the stated policy of the Government to rationalize the rates of taxation and move away from exemptions and deductions. Hence, designating more cities as metro cities and extending the benefit of higher exemption limit on HRA to such cities is contrary to the stated policy.

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