

Leave Travel Concession (LTC) voucher scheme

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In news

In order to stimulate growth in the economy Finance Minister announced the LTC voucher scheme

Key features of Leave Travel Concession (LTC) voucher scheme

- Through the LTC scheme, which can be availed by private sector employees as well, and a festival advance for government employees, the Finance Ministry has tried to advance the consumption of non-essential, relatively high-value goods and services in the economy.
- Central government employees will be provided tax benefits on the LTC component without having to actually travel.
- The employees would be required to spend three times the LTC fare component to purchase items that attract 12% or more Goods and Services Tax (GST).
- As for the leave encashment component of LTC, the employee will have to spend an equivalent amount towards purchase of goods that attract GST of 12% or more.
- Through the LTC consumption boost plan, the government expects a demand generation of Rs 28,000 crore in the economy.
- These measures aim at promoting consumption of high-value items by those employees whose salaries and jobs have not been affected by Covid-19 pandemic