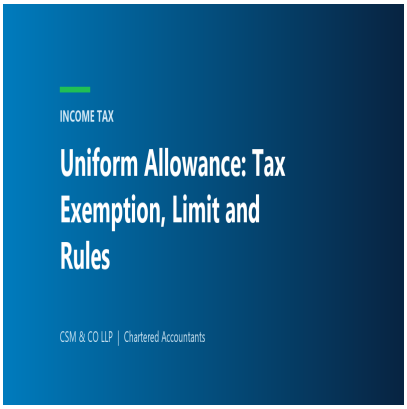

Uniform Allowance: Tax Exemption, Limit and Rules

Description

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Quick summary

- Uniform allowance is exempt up to the amount you actually spend on buying or maintaining uniforms for official duties.
- The unspent part is taxable as salary.
- It is available only in the old tax regime; the new regime does not exempt it.
- From Tax Year 2026-27 it is in Schedule III of the Income-tax Act, 2025 and Rule 280(1)(g) of the Income-tax Rules, 2026.

A uniform allowance is paid by an employer to meet the cost of uniforms that employees must wear while working, as in the police, defence, hospitals, airlines and banks. The allowance is part of salary, but the part you spend on the uniform is exempt from tax if you are in the old tax regime.

Where is this in the law?

Up to FY 2025-26 it was section 10(14)(i) of the Income-tax Act, 1961 and Rule 2BB(1)(g). From Tax Year 2026-27 it is in Schedule III (Table Sl. No. 12) of the Income-tax Act, 2025, with Rule 280(1)(g) of the Income-tax Rules, 2026, which covers an allowance granted to meet the expenditure incurred on the purchase or maintenance of uniform worn during the performance of duties of an office or employment of profit.

How much is exempt?

The lower of:

- the uniform allowance you receive, and
- the amount you actually spend on the uniform.

Any unspent part is taxable as salary.

What counts as uniform expenditure?

- Buying uniforms.
- Tailoring or alteration.
- Laundry and maintenance.
- Accessories that are part of the uniform.

Example

Mr P gets a uniform allowance of ?24,000 a year but spends only ?18,000 on uniforms and laundry. In the old regime ?18,000 is exempt and ?6,000 is taxable. In the new regime the whole ?24,000 is taxable.

Old regime or new regime?

Under section 202 of the Income-tax Act, 2025 the new regime does not exempt this allowance. Rule 280(3) keeps in the new regime only the allowances for travel on tour or transfer, daily charges, conveyance in duties, and the disabled employee's transport allowance. Uniform allowance is not on that list, so you need the old regime.

How to claim

Give your employer proof of expense or the declaration the employer asks for, so the exemption is allowed in Form 16. If it was not, you can claim it in the salary schedule when you file your return, but keep the bills in case of a query.

Frequently asked questions

How much of uniform allowance is exempt?

The amount you actually spend on the purchase or maintenance of uniform for official duties, up to the allowance you receive. The balance is taxable.

Is uniform allowance exempt in the new tax regime?

No. It is exempt only in the old regime.

What expenses are covered?

Buying uniforms, tailoring and alteration, laundry and upkeep, and accessories that are part of the uniform.

Do I need bills?

Keep bills or a declaration as your employer asks. The exemption is based on actual expense.

Official sources

- Income-tax Rules, 2026 (Rule 280)

- Income Tax Department: Income-tax Act, 2025 (as amended by Finance Act 2026), Schedule III and section 202
- Income Tax Department: e-Filing portal

Related reading

- Children Education Allowance, Hostel Allowance and Tuition Fee Tax Benefits

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