



**Pakistan Institute  
of Public Finance Accountants**

# **Model Solutions**

**Pay, Pension & TA Rules  
(Theory&Application)**

**AGP**

**May Exam-2026**

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## May Exam-2026

### Solutions – Pay, Pension & TA Rules (Theory) AGP

- Q.1.** The **Hill Allowance** (often referred to as Special Compensatory Hill Area Allowance or similar terms like High Altitude/Uncongenial Climate Allowance) is a financial compensation provided by the government to armed forces personnel and government employees stationed in hilly, mountainous, or high-altitude terrain. It is added to the monthly salary to offset the added costs and hardships associated with living and working in such environments.

#### **Why Hill Allowance is Paid to Troops**

The primary purpose of this allowance is to recognize the unique risks and difficulties of operating in challenging terrain. It is paid for several key reasons:

**Compensation for Harsh Conditions:** Hilly regions often feature extreme weather conditions (intense cold, heavy snow, or high winds) and difficult terrain that make daily life and operations challenging.

**Logistical Challenges & Higher Cost of Living:** Remote, elevated locations often lack easy accessibility, resulting in higher transportation costs, expensive essential goods, and increased living expenses compared to plains or cities.

**Health and Safety Risks:** Operating at high altitudes increases risks such as hypoxia (oxygen deficiency), frostbite, and other health issues related to cold and pressure.

**Separation and Remote Posting:** Troops often serve away from their families in isolation.

**Operational Demands:** The allowance acts as an incentive to maintain high morale and encourage the retention of skilled personnel in difficult, often remote, locations.

#### **Key Features and Context**

**Classification:** It is generally applicable to personnel stationed at a certain altitude (e.g., above 1,000 meters or more).

- Q.2.** Furlough pay in the Pakistan Army refers to the pay and allowances authorized to an officer who remains on leave beyond the originally sanctioned period.

Based on Pay & Allowances Regulation Vol-I (Rule-129), the furlough pay structure is as follows:

**Initial Period (Up to 6 Months):** Until a total of six months of leave (including full pay leave) has been consumed, the officer receives **75% of the pay and allowances** of their rank, rounded to the nearest Rs. 5.00.

**Subsequent Period:** After the initial six months, the officer receives **50% of the pay and allowances** of their rank, rounded to the nearest Rs. 5.00.

This regulation is part of the broader Pay, Pension & TA Rules for personnel under the Defense Services.

- Q.3.** Gratuity for voluntary retirement from the Pakistan Army is generally granted to personnel with at least 5 years but less than 10 years of qualifying service. It is typically calculated as one month's emoluments for each completed year of service. Personnel with 10+ years of service generally qualify for pension, while 25 years are required for voluntary retirement.

#### **Key Details on Voluntary Retirement and Gratuity:**

- **Eligibility:** Personnel with 5–10 years of service can receive gratuity. Those with 10–25 years may qualify for pension, though 25 years is often the minimum for voluntary retirement.



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- **Rate:** Generally 30 days' wages (one month's pay) for every completed year of service, or any period exceeding six months (considered a full year).
- **Calculation Base:** Calculated on the last drawn monthly salary, sometimes divided by 26 to determine daily wages, then multiplied by 30.
- **Pension Reduction:** As of September 2024, federal government employees (including military) opting for voluntary retirement after 25 years of service face a flat reduction of 3% per year in gross pension, capped at 20%.
- **Notice Period:** A three-month notice is required prior to voluntary retirement.

**Q.4.** A Permanent Travelling Allowance (PTA) in the army is a fixed monthly allowance granted to personnel whose duties require extensive, regular travel within a specific jurisdiction. It is paid year-round regardless of whether travel occurs in a particular month, replacing other forms of TA.

#### **Reasons for Permanent Travelling Allowance:**

**Frequent Short Travels:** It covers expenses for frequent, short-distance journeys within a defined "sphere of duty," such as for inspections, patrolling, or administrative visits.

**Administrative Efficiency:** It eliminates the need to submit, process, and audit individual travel claims for routine, repetitive journeys.

**Compensation for Constant Mobility:** It compensates personnel for the high cost of maintenance of transport or consistent travel requirements.

It is generally granted by a competent authority to personnel whose official duties necessitate being away from headquarters frequently.

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**Solutions – Pay, Pension & TA Rules (Application) AGP**

**Q.1. Office of the Military Accountant General, Rawalpindi.**

**a**

To  
Secretary  
Finance Department ,  
Government of KPK,  
Peshawar

Subject: Release of arrears of Inter Security Allowance amounting to Rs. 400,000,0000/-

I am directed to inform you that an amount of arrears of Inter Security Allowance amounting to Rs. 400,000,0000/- are still outstanding against your province on account of deployment of troops in Waziristan for Inter Securities duties.

It will be appreciated, if the arrears of IS allowance are released at earliest in order to make in time payments to the troops essential for their motivation and recognition of trying duties in arduous areas. This is issued with the approval of the Military Accountant General.

**Q.2. Pension Contribution Calculation:**

| Min. Basic Pay -BS-20 | Min. Basic Pay -BS-20 | Total of both | 1/3 of Total |
|-----------------------|-----------------------|---------------|--------------|
| 102,470               | 196,10                | 298,600       | 49,717       |

**Q.3. Based on standard administrative regulations and general military service practices in Pakistan, the transfer, family movement, and relocation of a Pakistan Army officer are governed by specific guidelines and movement orders.**

Here is what generally applies if the family moves before the officer is officially relieved of their charge:

**Relinquishing Charge Requirement:** An officer must formally relinquish charge (sign off) at their current station before they can assume it at the new station. Moving family early does not alter this, and the officer is expected to fulfill their duties until officially relieved.

**Transfer Order Adherence:** Transfer orders are issued with immediate effect, and authorities take a serious view of not adhering to them in letter and spirit.

**Family Movement & Benefits:** While families can sometimes move in advance (e.g., to secure school admissions), the official Transfer Travelling Allowance (TTA) or transportation of household effects is generally sanctioned based on the, movement order, which authorizes movement from the old station to the new station, usually after the officer is relieved.

**Potential Complications:** If the family moves prematurely without, or against, the official timing of the movement order, it may cause complications in claiming reimbursement for the transportation of baggage or travel expenses, as these are typically tied to the official dates of transfer and relief.

**Approval & Accommodation:** Officers usually inform their Commanding Officer (CO) or relevant administrative branch if there is a plan to move the family earlier, particularly if it involves vacating military accommodation (family lines) before the official relief date



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**Q.4.** Non-Practicing Allowance (NPA) is given to Pakistan Army doctors to compensate them for not engaging in private practice, ensuring their full-time availability, dedication to military medical duties, and to maintain competitive pay against civilian counterparts. This incentive promotes 24/7 healthcare delivery, including emergency and night shifts.

#### **Key Reasons for NPA in the Pak Army:**

**Exclusive Focus on Military Duties:** Army doctors are forbidden from engaging in private practice or running private clinics, allowing them to focus entirely on the medical needs of soldiers, their families, and the institution.

**Compensation for Lost Income:** The allowance serves as financial compensation for the income a doctor could have generated through private practice.

**Enhanced Service Commitment:** By removing the need for external income, the NPA ensures doctors are available for extended hours, including evening and night shifts, which improves the quality of care in military hospitals.

**Retention and Pay Parity:** The NPA is designed to keep the salaries of army doctors competitive with, or higher than, civilian doctors, ensuring retention of specialized medical talent within the armed forces.

**High-Intensity Duties:** Army doctors often work in demanding environments (rural areas or conflict zones), making this allowance a necessary financial incentive.

Historically, this allowance has ensured higher pay for armed forces doctors compared to some civilian government sectors to ensure they remain dedicated to the rigid, duty-bound structure of the army.

#### **Q.5. Pay Fixation as Lt. Colonel**

##### **a Pay on 5.05.2025 = 115,820/-**

|                     |          |          |
|---------------------|----------|----------|
| pay on              | 5.6.2025 | 115, 820 |
| Promotion Pay on    | 5.6.25   | 118,930  |
| Premature Increment | 5,190/-  | 124,120  |
| Pay on              | 1.12.25  | 129,310  |

#### **Q.5.**

##### **b Diff. /Arrears Bill**

| Pay Due on 5.6.2025        | Pay drawn | Difference/ Month | Period             | Period           | Difference    |
|----------------------------|-----------|-------------------|--------------------|------------------|---------------|
| 124,120                    | 115,820   | 8,300             | 5.6.25 – 31.12.25  | 6 months 27 days | 57,270        |
| Pay 1.01.26<br>Rs. 129,310 | 124,120   | 5,190             | 1.1.26 – 5.04.2026 | 3 months 5 days  | 16,435        |
| <b>Total Arrears</b>       |           |                   |                    |                  | <b>73,705</b> |

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