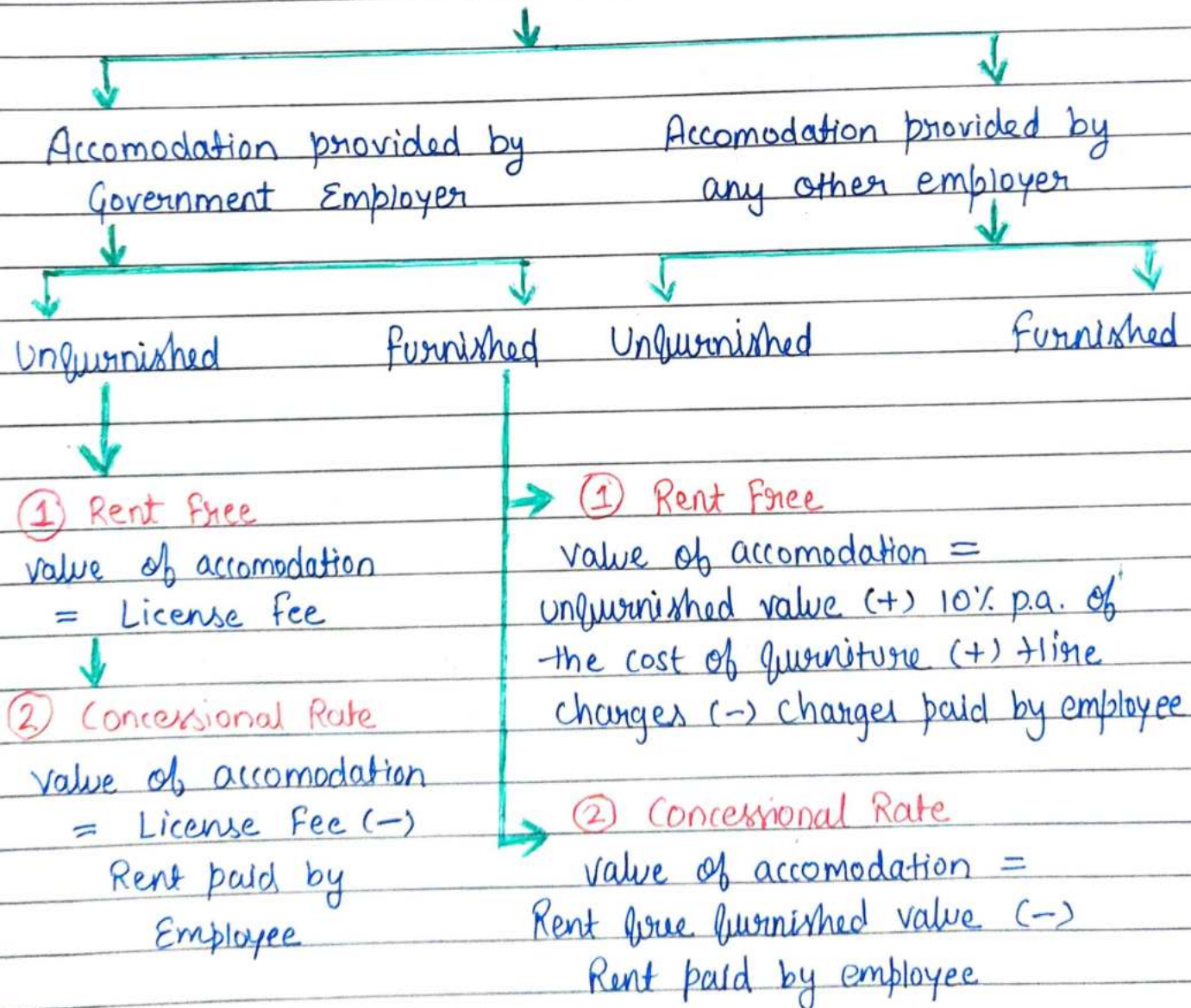


PERQUISITES

'Perquisites' are the benefits or amenities in cash or in kind, or in money or money worth and also amenities which are not convertible into money, provided by the employer to the employee whether free of cost or at a concessional rate.

RENT FREE ACCOMODATION OR ACCOMODATION PROVIDED AT CONCESSIONAL RATE



ACCOMODATION PROVIDED BY ANY OTHER EMPLOYER

Unfurnished

Furnished

① Rent free

(As per Table 1)

② Concessional Rate

value of accomodation
= Rent free Unfurnished
value (-) Rent paid
by Employee.

① Rent free

value of accomodation
= unfurnished value
(+) 10% p.a. of the
cost of furniture
(+) Hire charges
(-) charges paid by
Employee

② Concessional Rate

value of accomodation
= Rent free furnished
value (-) Rent paid
by the employee

TABLE - 1

TABLE - I			
Nature of Accomodation	Population Exceeding 25 Lacs	Population Exceeding 10 Lacs but not exceeding 25 Lacs	Population Not Exceeding 10 Lacs
(A) Where the accomodation is owned by the employer.	15% of Salary	10% of Salary	7.5% of Salary
(B) Where the accomodation is taken on lease or rent by the employer.	← Rent paid by Employer → OR 15% of Salary [Whichever is Less]		

* Salary = Basic + DA (as per the terms of Employment) + Bonus + Commission + All taxable allowances

INTEREST FREE OR CONCESSIONAL LOAN

When SBI interest rate is given

$$\text{Value of perquisite} = \text{Outstanding loan Amount} \times \text{SBI interest rate}$$

When SBI and company interest rate is given

$$\text{Value of perquisite} = \text{Outstanding loan amount} \times \text{Difference of SBI and Company interest rate}$$

NOTE : If such loans are made available to an employee or any member of his household, no value would be charged if any of the following condition is satisfied :-

(a) Amount of loan is less than or equals to Rs. 20,000 in an aggregate.

OR

(b) Where the loan is for medical treatment in respect of diseases specified in rule 3A. However in this case the exemption so provided shall not apply to so much of the loan as has been reimbursed to the employee under any medical insurance scheme.

* **Members of household shall include :**

- a. Spouse
- b. Children & their spouses
- c. Parents
- d. Servants and dependants

VALUE OF ANY GIFT, VOUCHERS OR TOKEN FROM EMPLOYER.

Exempt upto Rs. 5000 in an aggregate

NOTE : If gift is given in cash or by way of gift cheque/voucher which can be converted into cash, the entire amount shall be taxable.

VALUE OF FREE FOOD AND NON-ALCOHOLIC BEVERAGES

CIRCUMSTANCES	VALUE OF BENEFIT
(A) Tea or Snacks provided during working hours.	NIL
(B) Free food and non-alcoholic beverages during working hours provided in a remote area.	NIL
(C) Free food and non-alcoholic beverages provided during working hours at office premises or through paid vouchers.	Exempt upto Rs. 50 per meal.
(D) In any other case	Actual amount of expenditure incurred by the employer (-) Amount paid or recovered from employee.

PAYMENT OR REIMBURSEMENT BY THE EMPLOYER OF ANY EXPENDITURE INCURRED IN A CLUB BY THE EMPLOYEE OR BY ANY MEMBER OF HIS HOUSEHOLD



Personal Purpose

Value of benefit = Actual amount of expenditure incurred or reimbursed by the employer (-) Amount paid by employee.



Official Purpose

Value of benefit = NIL

NOTE : There shall be no perquisite value for use of health club, sports and similar facilities provided uniformly to all employees by the employer.

VALUE OF MOVABLE ASSETS

Use of movable assets

Transfer of movable assets

USE OF MOVABLE ASSETS

CIRCUMSTANCES	VALUE OF BENEFIT
(A) Use of laptops and computers.	NIL
(B) Any other movable asset.	Amount of rent or charge paid by the employer (-) amount paid or recovered from the employee. OR 10% p.a. of the cost of asset (-) amount paid or recovered from the employee.

TRANSFER OF MOVABLE ASSETS

ASSET TRANSFERRED	VALUE OF BENEFIT
(1) Computers and Electronic items.	Written Down Value (-) Amount Received / Selling Price / Amount Recovered. * Written down value = cost of asset (-) 50% of the cost to the employer for each completed year during which such asset was put to use by the employer, on the basis of reducing balance method.
(2) Motor cars	Written Down Value (-) Amount Received / Selling Price / Amount Recovered. * Written down value = cost of asset (-) 20% of the cost to the employer for each completed year during which such asset was put to use by the employer, on the basis of reducing balance method.
(3) Any other asset	Written Down Value (-) Amount Received / Selling Price / Amount Recovered. * Written down value = cost of asset (-) 10% of the cost to the employer for each completed year during which such asset was put to use by the employer, on the basis of straight line method.

VALUATION OF MOTOR CAR AND OTHER VEHICLES.

(When one motor car is provided)

S.No.	CIRCUMSTANCES	ENGINE CAPACITY DOESN'T EXCEED 1.6 LITRES	ENGINE CAPACITY EXCEEDS 1.6 LITRES
(1)	Where the motor car is owned or hired by the employer and the expenses are met or reimbursed by the employer.		
(a)	For official purpose	NIL	NIL
(b)	For personal purpose	Expenditure incurred by the employer (including driver's salary) (+) 10% p.a. of the cost of car (-) amount paid by employee. 	
(c)	Car is used partially for official purpose and partially for personal purpose.		
(i)	Expenses are met or reimbursed by the employer.	Rs. 1800 per month (plus Rs. 900 per month if driver is provided)	Rs. 2400 per month (plus Rs. 900 per month if driver is provided)
(ii)	Expenses on personal use are met by the employee and on official use are met by the employer.	Rs. 600 per month (plus Rs. 900 per month if driver is provided).	Rs. 900 per month (plus Rs. 900 per month if driver is provided).

(2) Where the employee owns a motor car but expenses (including driver's salary) are met or reimbursed by the employer.

(a) For official purpose

NIL

NIL

(b) For personal purpose

Amount incurred by the employer
(including driver's salary) (-)
amount charged from the employee.

(c) Car is used partially for official purpose and partially for personal purpose.

Amount of expenditure incurred by the employer (-) Rs. 1800 per month (plus Rs. 900 per month if driver is provided) (-)
Amount recovered from employee.

Amount of expenditure incurred by the employer (-) Rs. 2400 per month (plus Rs. 900 per month if driver is provided) (-) amount recovered from employee.

(3) Where the employee owns any other auto-motive vehicle but the expenses are ~~not~~ met or reimbursed by the employer.

(a) Other vehicle is used for official purpose

NIL

NOT APPLICABLE

(b) Vehicle used partially for official purpose and partially or wholly for personal purpose.

Amount of expenditure incurred by the employer (-) Rs. 900 per month (-) Amount recovered from employee.

NOTE : When more than one motor car is provided :

CASE I

1. Ist car = valuation as per point no. 1(c)(i)
2. IInd car = valuation as per point no. 1(b)

CASE II

1. Ist car = valuation as per point no. 1(b)
2. IInd car = valuation as per point no. 1(c)(i)

* After complete valuation of case I & case II, consider that case whose value is less.

SERVICES OF SWEEPER, GARDNER, WATCHMAN OR PERSONAL ATTENDANT.

value of benefit = Actual cost to the employer
(-) amount paid by the employee

SUPPLY OF GAS, ELECTRIC ENERGY OR WATER FOR
+HOUSEHOLD CONSUMPTION

CIRCUMSTANCES	VALUE OF BENEFIT
(A) Where such supply is made from resources owned by the employer without purchasing from the outside agency.	Manufacturing cost per unit incurred by the employer (-) amount paid by the employee.
(B) In any other case	Amount paid by the employer (-) amount paid by the employee.

FREE OR CONCESSIONAL EDUCATIONAL FACILITY TO ANY MEMBER OF EMPLOYEES' HOUSEHOLD

Where the educational institution is itself maintained and owned by the employer.

OR

Where free education facility is allowed in any other educational institution by reason of his being in employment of that employer.

Value of benefit = cost of education in a similar institution in or near the locality (-) amount recovered from the employee.

NOTE : The value of perquisite shall be nil, if the educational facility is provided to employee's children and the cost of such education or the value of benefit per child does not exceed Rs. 1000 per month.

NOTE : Where cost of education exceed Rs. 1000 per month per child, the whole amount shall be taxable.

TREATMENT OF MEDICAL FACILITIES

CASE I : Medical facilities on reimbursement in India.

(a) Medical treatment provided to an employee or any other member of his family in any dispensary, clinic, nursing home and hospital maintained by the employer shall be a tax free perquisite.

(b) Any sum paid by the employer in respect of the following shall be a tax free perquisite :-

- (i) Actual expenditure incurred by the employee in any hospital maintained by the Government or any local authority or in a hospital approved by the Government for medical treatment for its employees.
 - (ii) Expenditure incurred by the employee in respect of diseases specified in Rule 3A, in any hospital approved by the principal chief Commissioner or chief Commissioner of Income tax.
- (c) Any portion of insurance premium paid by the employer or any reimbursement by the employer for insurance of health of an employee or any member of his family, under a scheme approved by central Government or by the Insurance regulatory and development authority (IRDA) shall be a tax free perquisite.

CASE II : Medical treatment outside India.

Following will be considered as tax-free perquisite :

- (a) Expenses on medical treatment of the employee and any member of his family shall be tax-free to the extent permitted by RBI.

- (b) Expenses on stay abroad for medical treatment with one attendant shall be tax-free to the extent permitted by RBI.
- (c) Travel expenses of the patient and one attendant shall be tax-free only in case of those employees whose gross total income (before including such travel expenditure or perquisite) does not exceed Rs. 2,00,000.

NOTE : If the gross total income of the employee before including the taxable medical perquisite on account of travel expenditure exceeds Rs. 2,00,000, the expenses on travel of the patient and one attendant shall be taxable.

NOTE : Family for the purpose of valuation of medical facilities means :

- (1) Spouse and children of employees (children may be dependant, independant, married or unmarried)
- (2) Parents, brothers and sisters of the employee who are wholly dependant on the employee.

TREATMENT OF LEAVE TRAVEL CONCESSION OR ASSISTANCE
Exemption shall be allowed on the basis of the following :

- (1) Where journey is performed by air.

Maximum exemption shall be an amount not exceeding the air economy base of the national carrier by the shortest route to the place of destination.

- (2) Where journey is performed by rail
Maximum exemption shall be an amount not exceeding the air conditioned first class rail fare by the shortest route to the place of destination.
- (3) Where journey is done by other than air or rail.
- (a) Where a recognised public transport system exists, an amount not exceeding the first class or deluxe class fare by the shortest route to the place of destination shall be exempt.
- (b) Where no recognised public transport system exists, an amount equivalent to the air-conditioned first class rail fare will be considered for exemption limit, by the shortest route to the place of destination.

NOTE : Exemption will, however, in no case exceeds from the actual expenditure incurred on the performance of journey.

NOTE : In case the LTC is encashed with performing the journey, the entire amount received by the employee would be taxable.

NOTE : Family for the purpose of LTC includes :

- spouse and children
- Parents, brothers and sisters who are wholly dependant on the employee.