

Income
Under
the head
Salary-

Part 2





What is Perquisites?

- ◆ Perquisite may be defined as any casual employment or benefit in addition to salary or wages.
- ◆ Perquisite may be provided in cash or in kind.

When are perquisites are Taxable under "Salaries"?

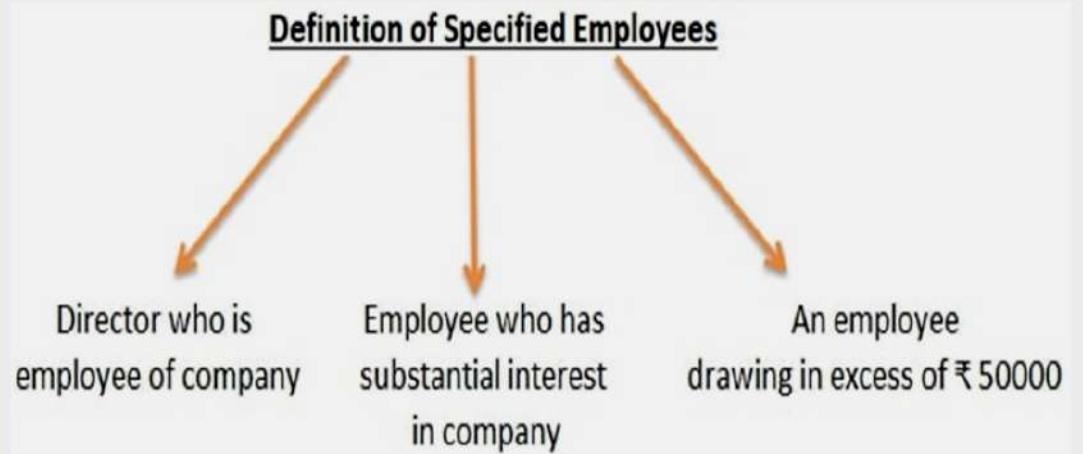
If the following conditions are satisfied:

1. Allowed by an employer to his employee.
2. Allowed during the continuance of employment.
3. Directly dependent upon service.
4. Resulting in the nature of personal advantage to the employee.
5. Derived by virtue of employer's authority.





Definition of Specified Employees





1. Interest free loan or Loan at concessional rate of interest



Step 1- Aggregate amount of loan as on the last day of each month.

Step 2- Check Interest rate by SBI on 1st April of the Financial Year in which loan was taken.

Step 3- Calculate Interest $\text{Step 1} * \text{Step 2}$

Step 4- Interest recovered by employer

Step 5- Taxable Perquisite = $\text{Step 3} - \text{Step 4}$



1. Interest free loan or Loan at concessional rate of interest

Perquisite not taxable if :

- i. Loan taken for medical treatment of one of the disease mentioned in Rule 3A like Cancer , Aids etc.
- ii. Aggregate amount of loan < ₹20000.



2.Perquisite in
respect of

Travelling,

Touring &

Accommodation



This perquisite is available only for travel, touring, accommodation or any other expenses paid by employer for any holiday availed by employee or members of family.

(Other than Leave Travel Concession).



2. Perquisite in respect of Travelling, Touring & Accommodation - Taxability.

Facility Uniformly available to all employees

Taxable

Expenditure incurred by employer
Less: Recovered by employee

Facility not uniformly available to all employees

Taxable

Value at which such facilities are offered by other agencies to the public.
Less: Recovered by employee

Taxable only if Positive



3. Free food and beverages provided to the employee.



Exempt:

- a) Food and non-alcoholic beverages -working hours - remote area /offshore installation;
- b) Tea, Coffee or Non-Alcoholic beverages and Snacks during working hours.



3. Free food and beverages provided to the employee.

Taxable :

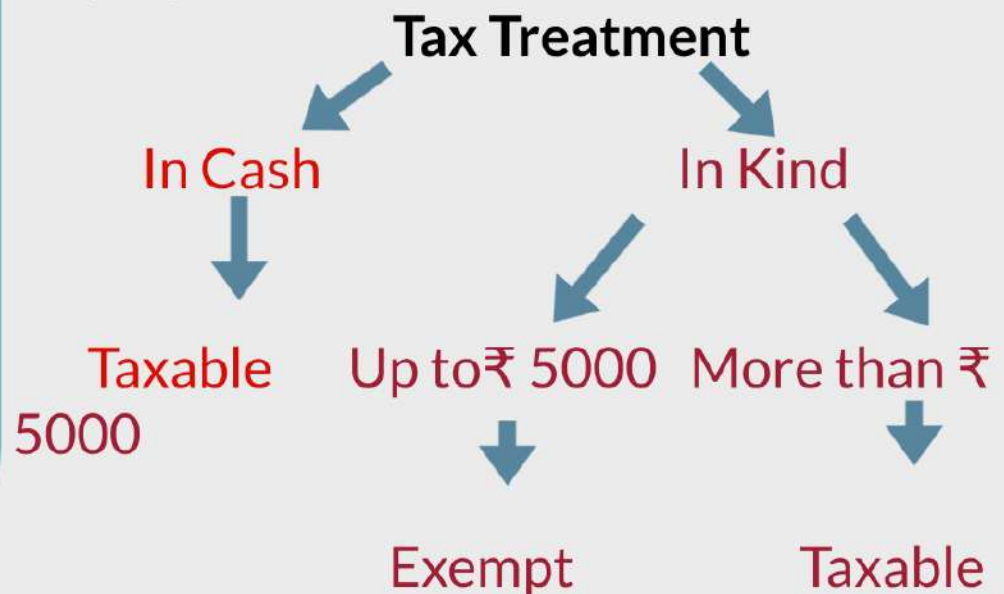
Free meals in excess of ₹ 50 per meal only if provided at office premises/office hours or through non transferable vouchers.

Less: Amount paid by the employee



Gift or Voucher or Coupon on ceremonial occasions or otherwise provided to the employee

4. Perquisite in respect of Gift, Voucher or Token





5. Credit Card Facility



Taxable Value of Perquisite if used both for personal and official use

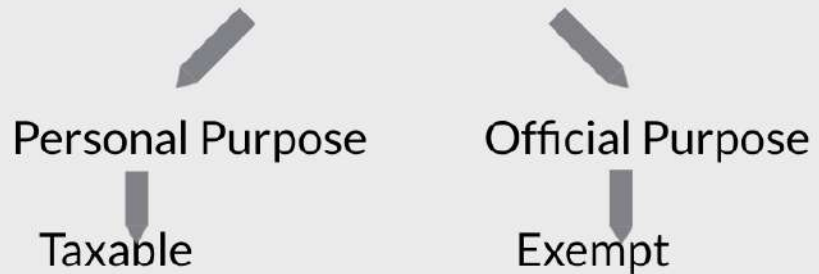
Expenditure incurred by employer
Less: Expenditure for official purpose
Less: Amount recovered from employee
Taxable only if Positive



6. Club Membership/
Free Recreation -
Other than Sports &
health Club



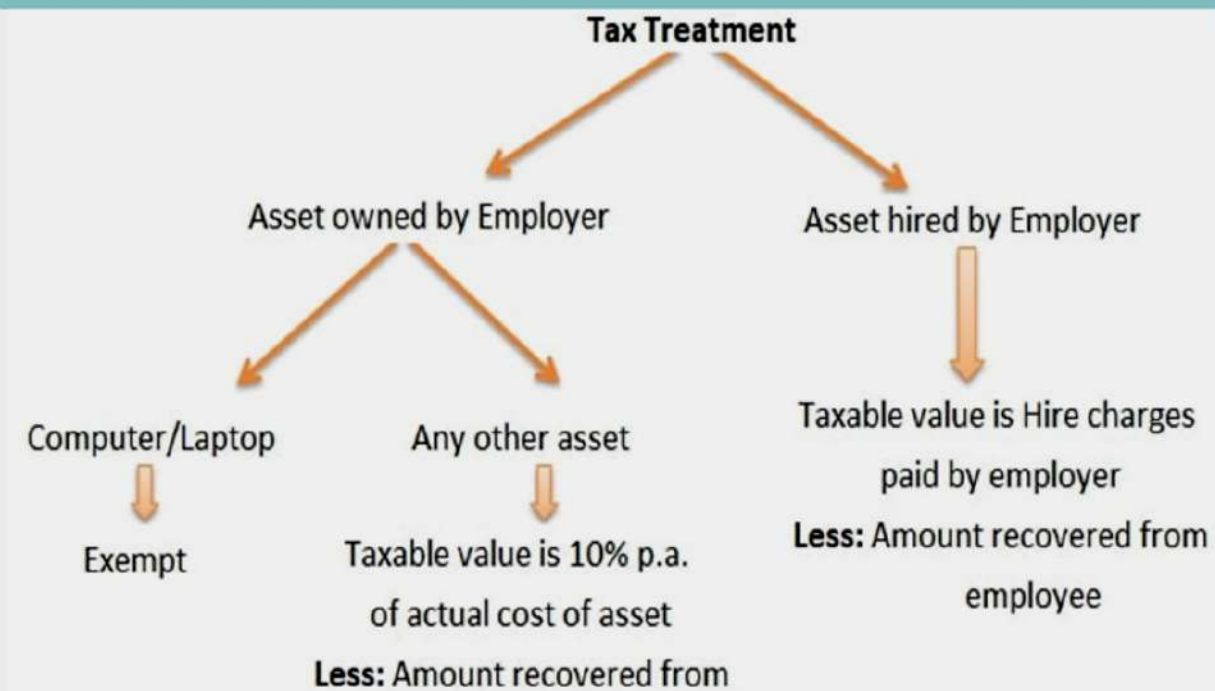
Tax Treatment



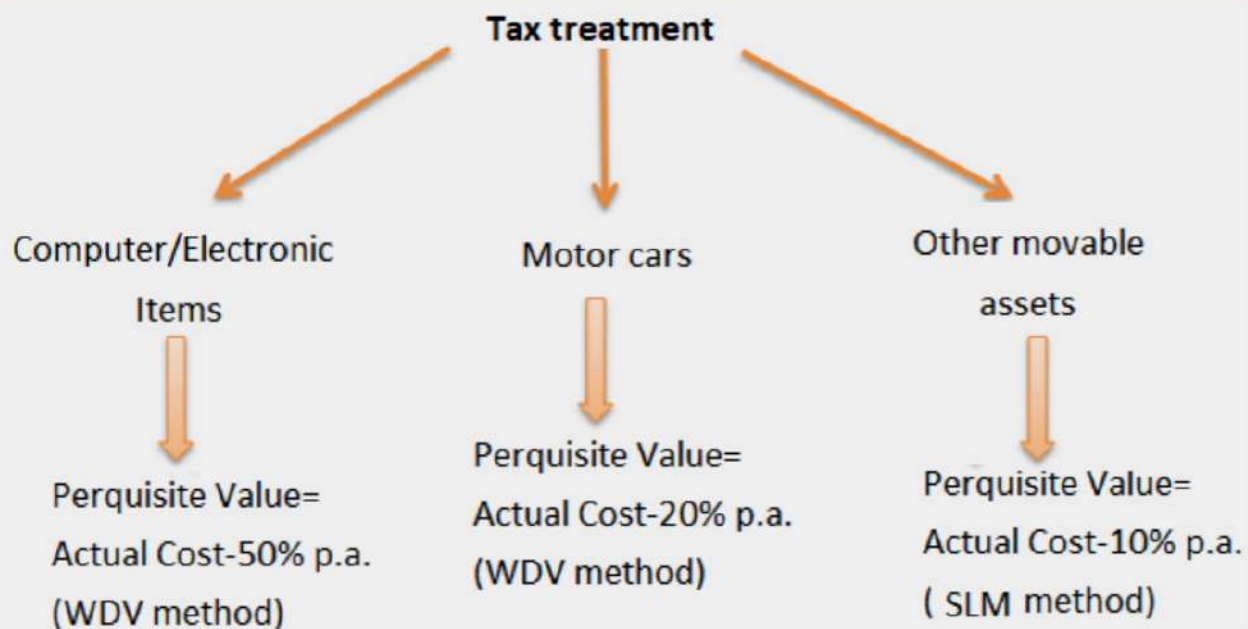
Taxable Value of Perquisite if used both for personal and official use

Expenditure incurred by employer
Less: Expenditure for official purpose
Less: Amount recovered from employee
Taxable only if Positive

7. Perquisite in respect of use of movable assets.

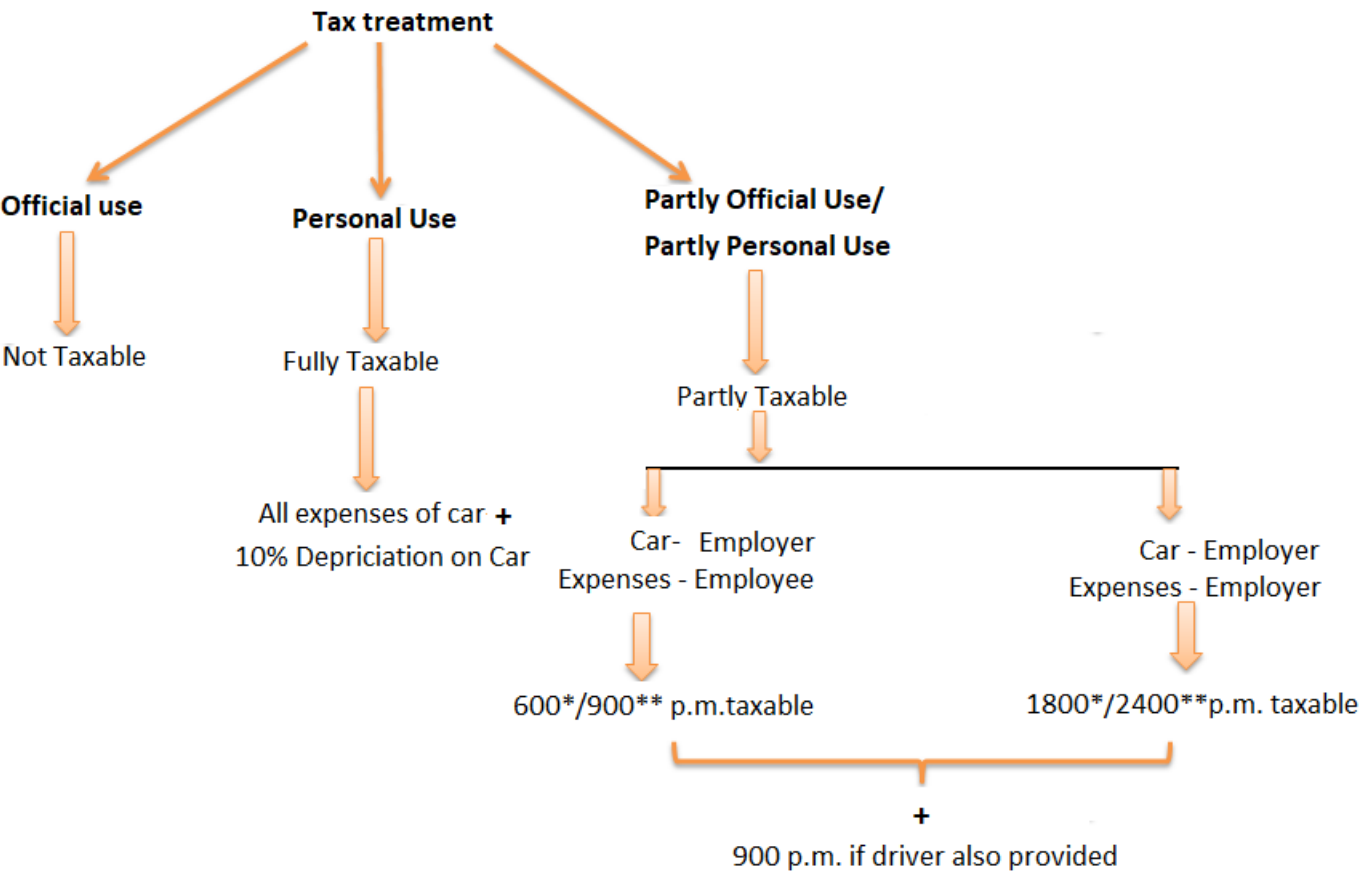


8. Perquisite in respect of Sale of movable asset



Deduct any amount recovered from employee

9.Perquisite in respect of Motor Car and Mode of Conveyance – Only for Specified Employee



* Small car upto i.e. upto 1600cc
 ** Large car upto i.e. more than 1600cc
 No reduction of any amount received by employee

Important:-
 If Car is of Employee and Expenses are met by Employer then value of Perquisite will be Expenses incurred by employer minus 1800/2400 p.m.

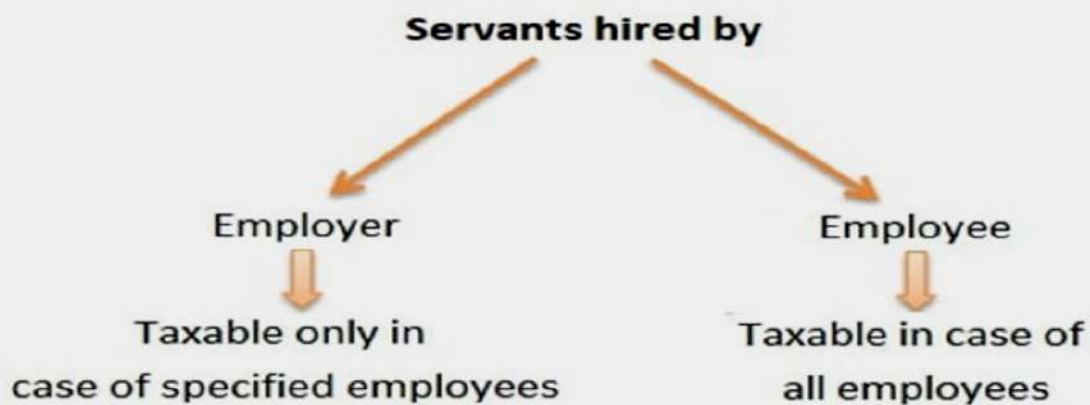
10. Perquisite in respect of Free Domestic Servant



Salary paid or payable by employer to such servants

Less: Amount if any recovered from employee

Balance Amount is taxable as perquisite



11. Perquisite in respect of Gas, Electricity or Water Supply provided Free of Cost



If such connection is in name of Employer

Such supply is owned by Employer

Value of benefit is manufacturing
Cost incurred by employer
Less: Amount recovered from
employee

Such supply is not owned by Employer

Amount paid to the agency
Less: Amount recovered from
employee

11. Perquisite in respect of Gas, Electricity or Water Supply provided Free of Cost



- ◆ If such connection is in name of Employee and expenses met by employer then taxable as per perquisite.
- ◆ Perquisite is available only to Specified Employees

14. Employer's contribution towards Approved Superannuation Fund (FY 2019-20)



The amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, to the extent it exceeds ₹ 1,50,000 shall be taxable perquisite in the hands of the employee.



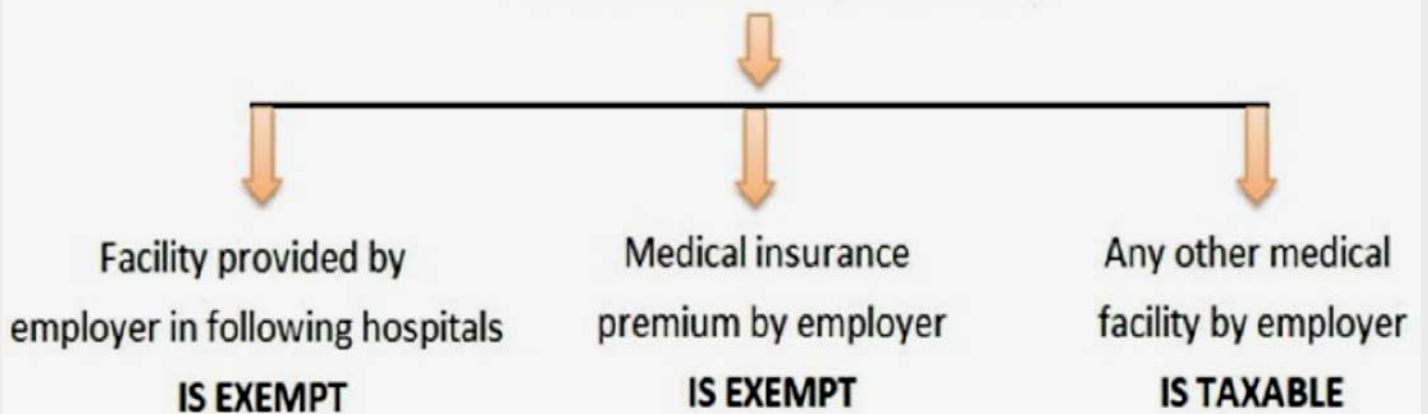
15. Employer's contribution towards Approved Superannuation Fund, NPS & Recognised PF (From FY 20-21)

The amount of any contribution to an approved superannuation fund, NPS & Recognised Provident Fund by the employer in respect of the assessee, to the extent it exceeds ₹7,50,000 shall be taxable perquisite in the hands of the employee.

16.Valuation of Medical Facilities-



Medical Facilities (within India)





16.Valuation of Medical Facilities

Medical Facilities (Outside India)

Medical treatment by employer is exempt upto amount permitted under RBI guidelines.

Travelling expenditure for going outside India for medical treatment purposes is generally chargeable to tax.

17. Any other benefit by employer to employee



- ◆ Cost to Employer
Less: Amount Recovered from Employee
Taxable Perquisite

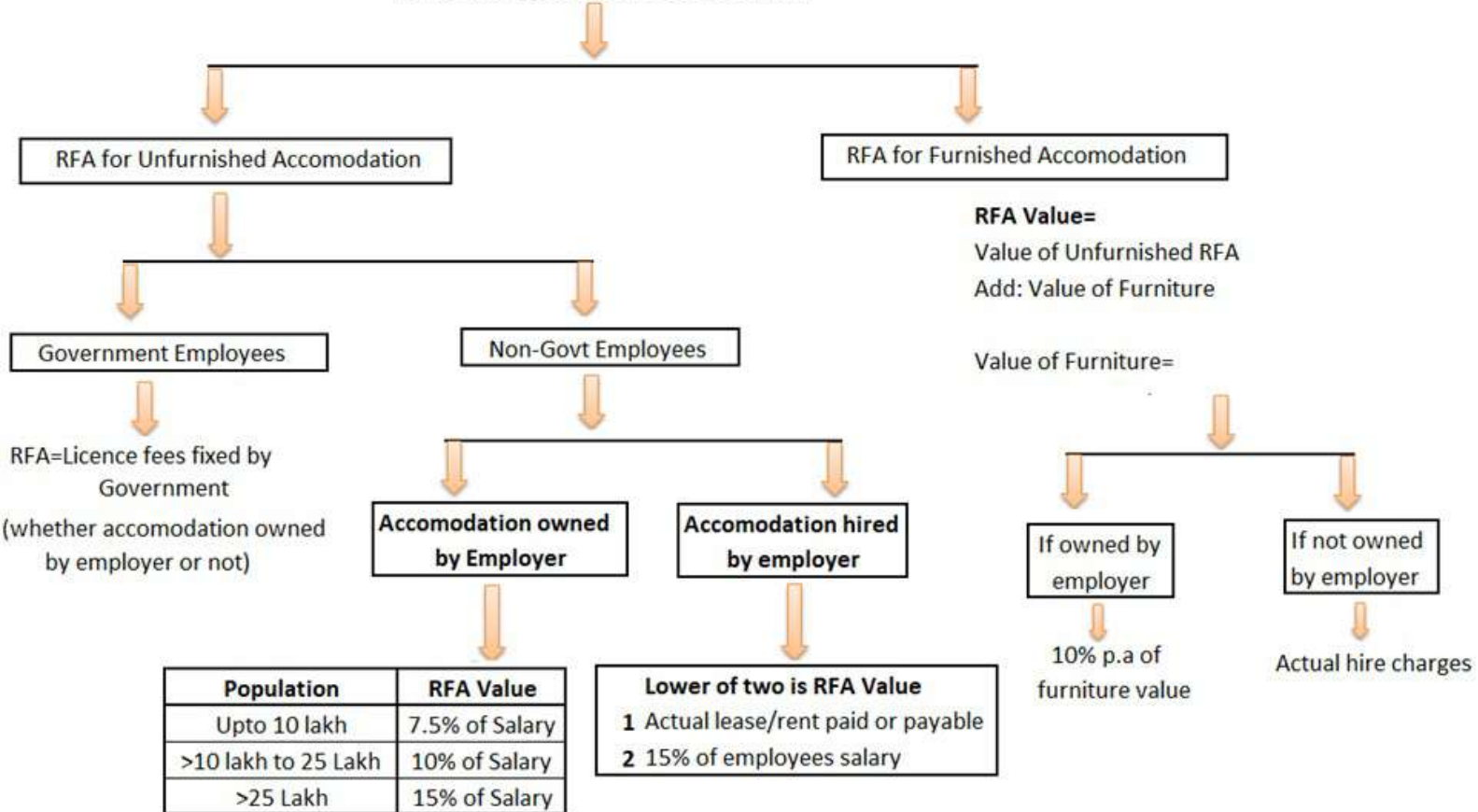
- ◆ Mobile Reimbursement by employer is fully exempt.

18. ESOP/ Sweat Equity Shares



FMV on date of Exercise of option
Less : Amount recovered by employee
Taxable Value of perquisite

Valuation Rent Free Accomodation



Salary Means:
 Basic.
 DA (Included in Retirement Benefits)
 Taxable Allowance.

20. Leave Travel Concession



- ◆ It is provided by the employer to his employee who is travelling on leave from work to cover his travel expenses.
- ◆ Actual domestic travel is must.
- ◆ Available on travel of Employee + Family
- ◆ Exemption is available on actual travel cost

20. Leave Travel Concession



A. Air Fare:

Economy fair by Air India.
By shortest route possible

B. Rail Fare :

Fare restricted to first class fare
By shortest route possible

C. Bus fare allowed :

Deluxe fare

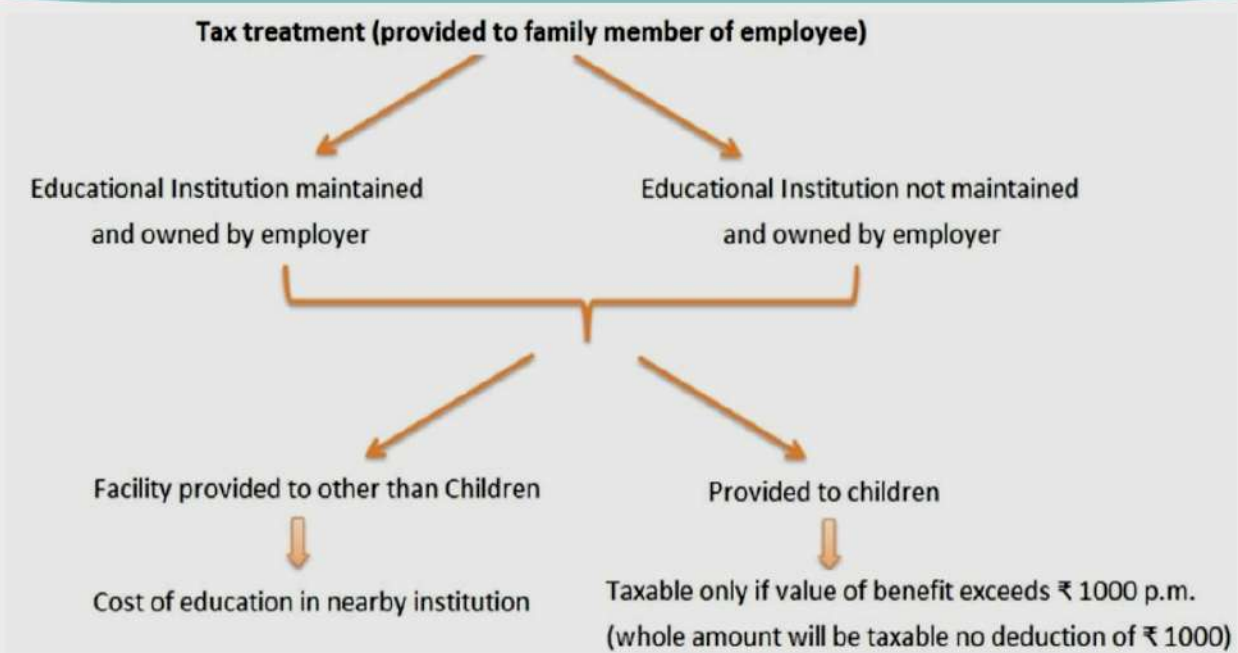
11. Perquisite in respect of Gas, Electricity or Water Supply provided Free of Cost



- ◆ If such connection is in name of Employee and expenses met by employer then taxable as per perquisite.
- ◆ Perquisite is available only to Specified Employees



12. Perquisites in respect of Free or Concessional Education Facilities



13. Perquisites in respect of Free Transport provided by a Transport undertaking to its Employees

