

MOST

Section-17 "Perquisites"

IMPORTANT

L27

1) The term perquisite indicate SOME EXTRA BENEFIT in addition to the amount that may be legally due by way of contract for service rendered. In Modern times, the salary package of an employee normally includes Monetary salary and perquisite like House, car, Movable property, Medical etc...

Key points Related to Perquisites

- ① Perquisite may be provided in cash @ in kind.
- ② Reimbursement of expenditure incurred in the official discharge of duties is not a Perquisite.

③ Perquisite may arise in the course of employment or in the course of profession or business. If it is arise from a relationship of Employer and employee, then the value of Perquisite is taxable under salary. However if it is arise during the course of Business or profession. Then, value of such perquisite is taxable u/H PGBP.

④ Perquisite will become taxable only if it has a LEGAL ORIGIN

• Types of Perquisite

→ Perquisite taxable in the case of all employees

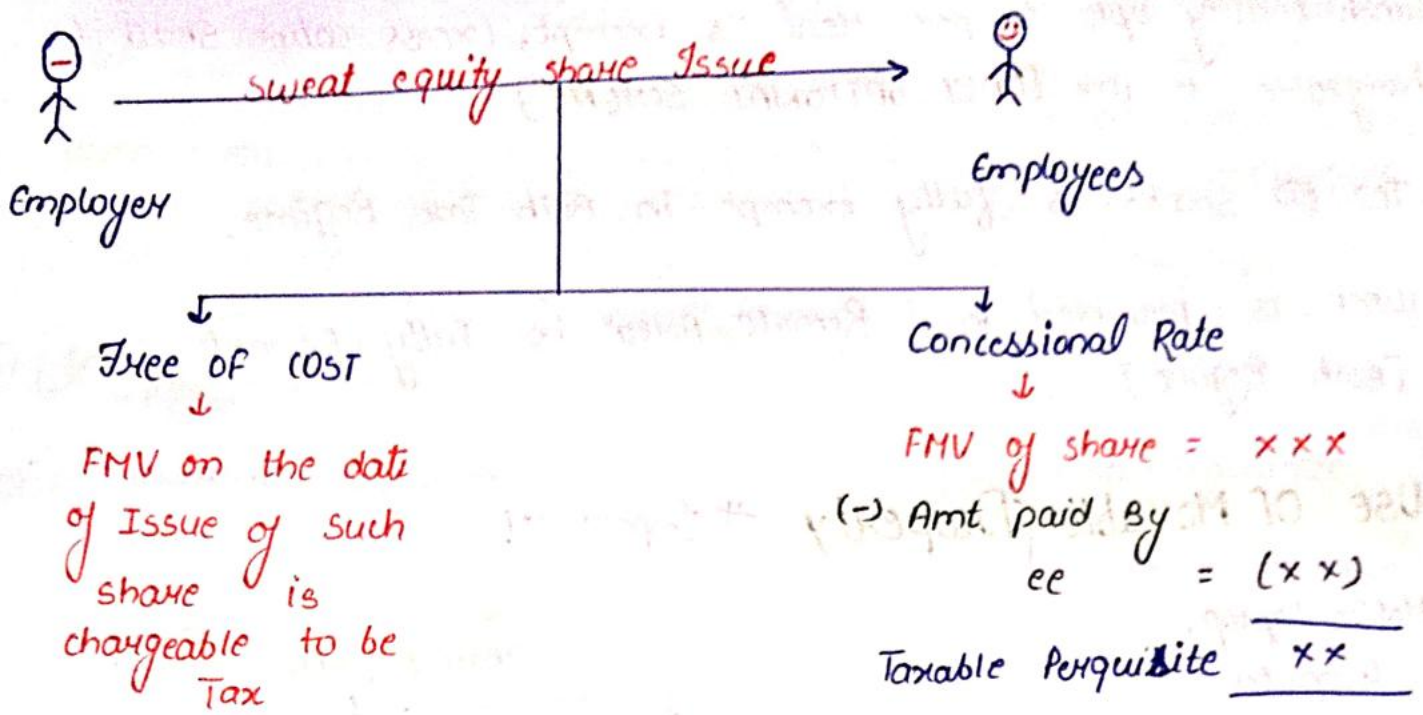
→ Perquisite taxable in the case of specified employee

→ Perquisite 'TAX FREE' in the case of all employees.

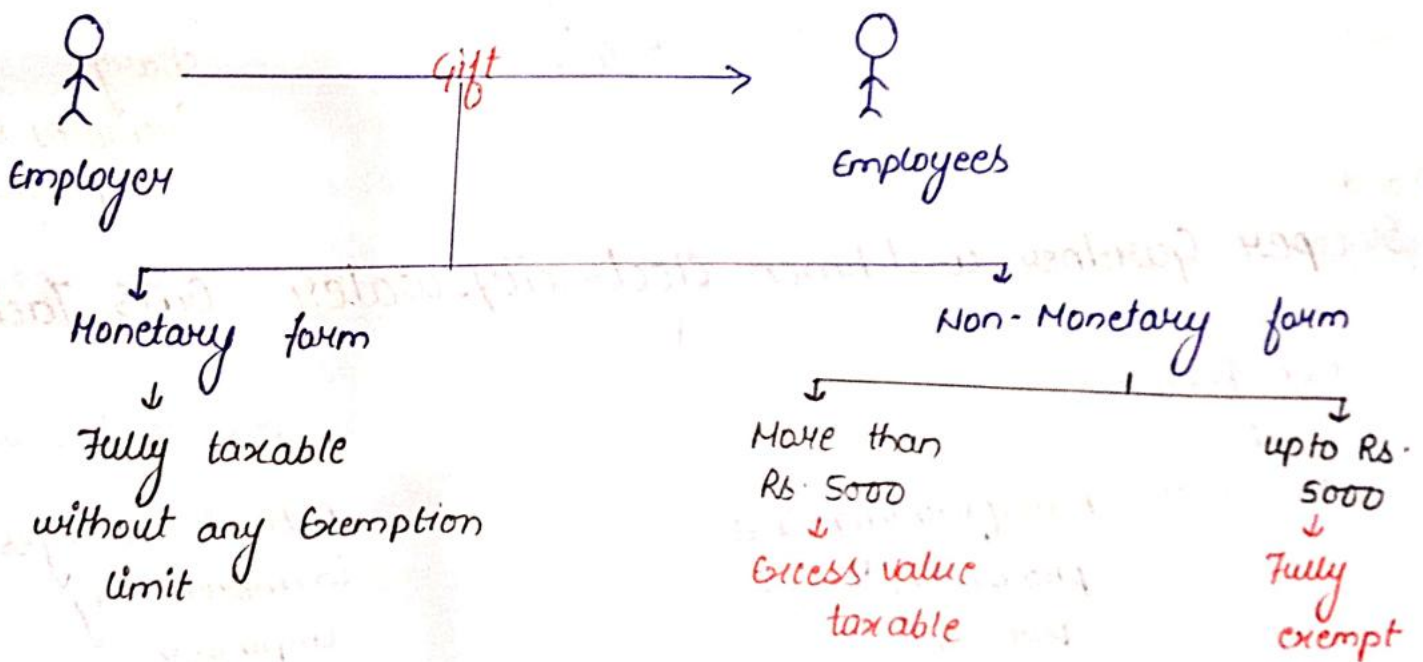
• List of Perquisites [SAME TREATMENT FOR BOTH SCHEME]

- | | |
|--|---|
| ① Rent Free Accommodation (RFA) | ⑭ credit card club Membership Facility |
| ② concessional RFA (CRFA) | ⑮ Motor car facility |
| ③ Interest on loan | ⑯ Contribution to NPS, RPF and SAF |
| ④ Sweat Equity shares | ⑰ leave Travel Facility Sec 10(105) [ONLY OPTIONAL] |
| ⑤ GIFT | ⑱ other benefit provided by employer to employee. |
| ⑥ lunch Facility | |
| ⑦ children education Facility | |
| ⑧ Medical Facility | |
| ⑨ Sweeper, Gardener, watchman facility | |
| ⑩ Electricity, water, Gas facility | |
| ⑪ Use of Movable property | |
| ⑫ TIF of Movable property | |
| ⑬ LIC Premium paid by Employer | |

Sweat Equity Share



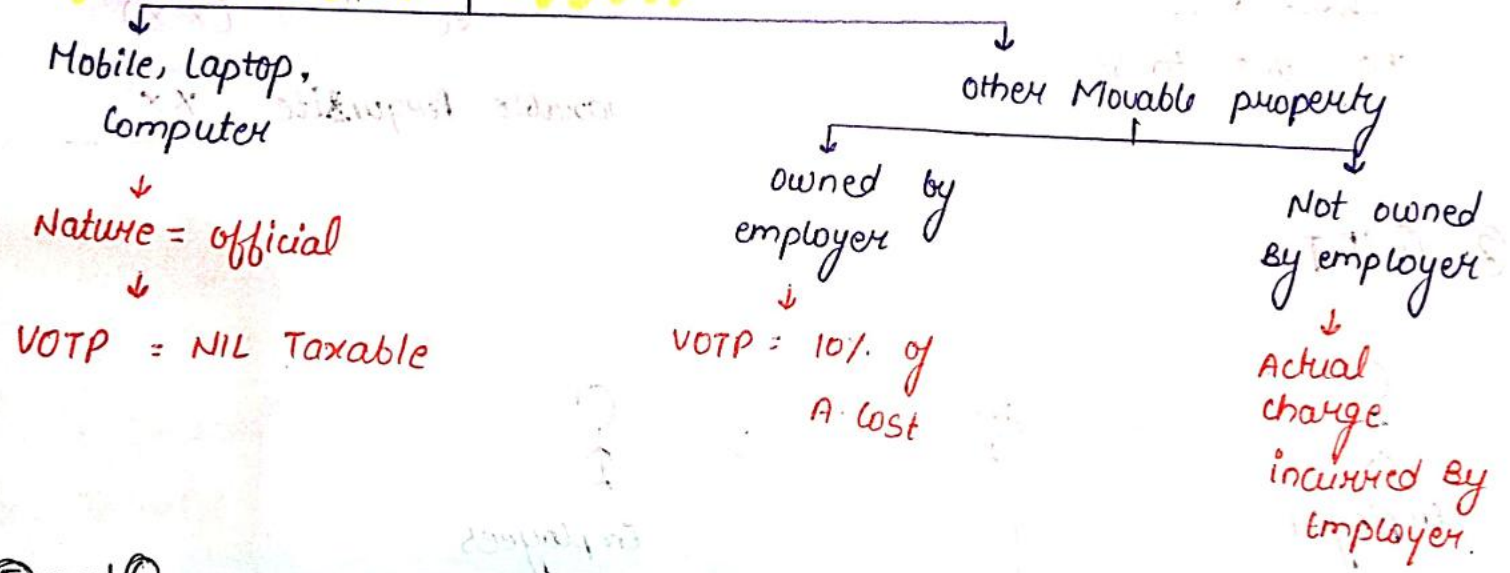
GIFT



③ Lunch Facility

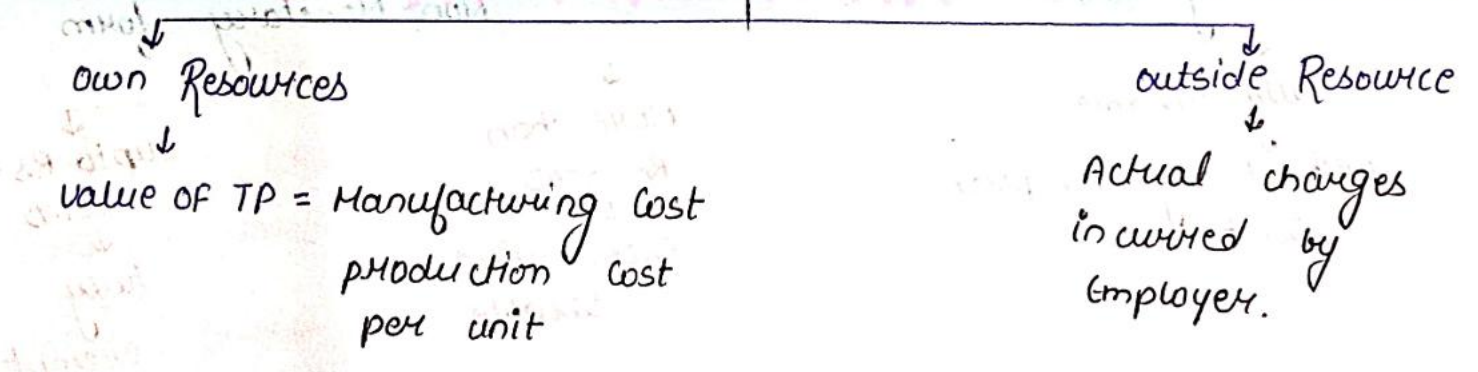
- lunch facility upto 50 per meal is Exempt, Excess value shall be chargeable to tax. [ONLY OPTIONAL SCHEME]
- Tea @ snacks is fully exempt in Both Tax Regime.
- lunch is provided in "Remote Area" is Fully Exempt [Both Regime]

④ Use of Movable Property # Important!



⑤ and ⑥

Sweeper, Gardener, watchmen, electricity, water, GAS Facility



⑦ Credit Card / Membership Club Facility

Official Purpose

↓
VOTP = NIL

Other purpose

↓
VOTP = Actual Expenditure incurred by Employer.

⑧ LIC Premium

VOTP = premium borne by employer on the behalf of Employee.

⑨ Children Education Facility

Education Facility for Employee

↓
NIL Taxable

Education Facility for children of Employee

↓
School / Institute owned by Employer (P.O.)
Tieup with employer

↓
It is Exempt if value of Education is upto 1,000 Rs p.m/p.c (UNLIMITED CHILD)

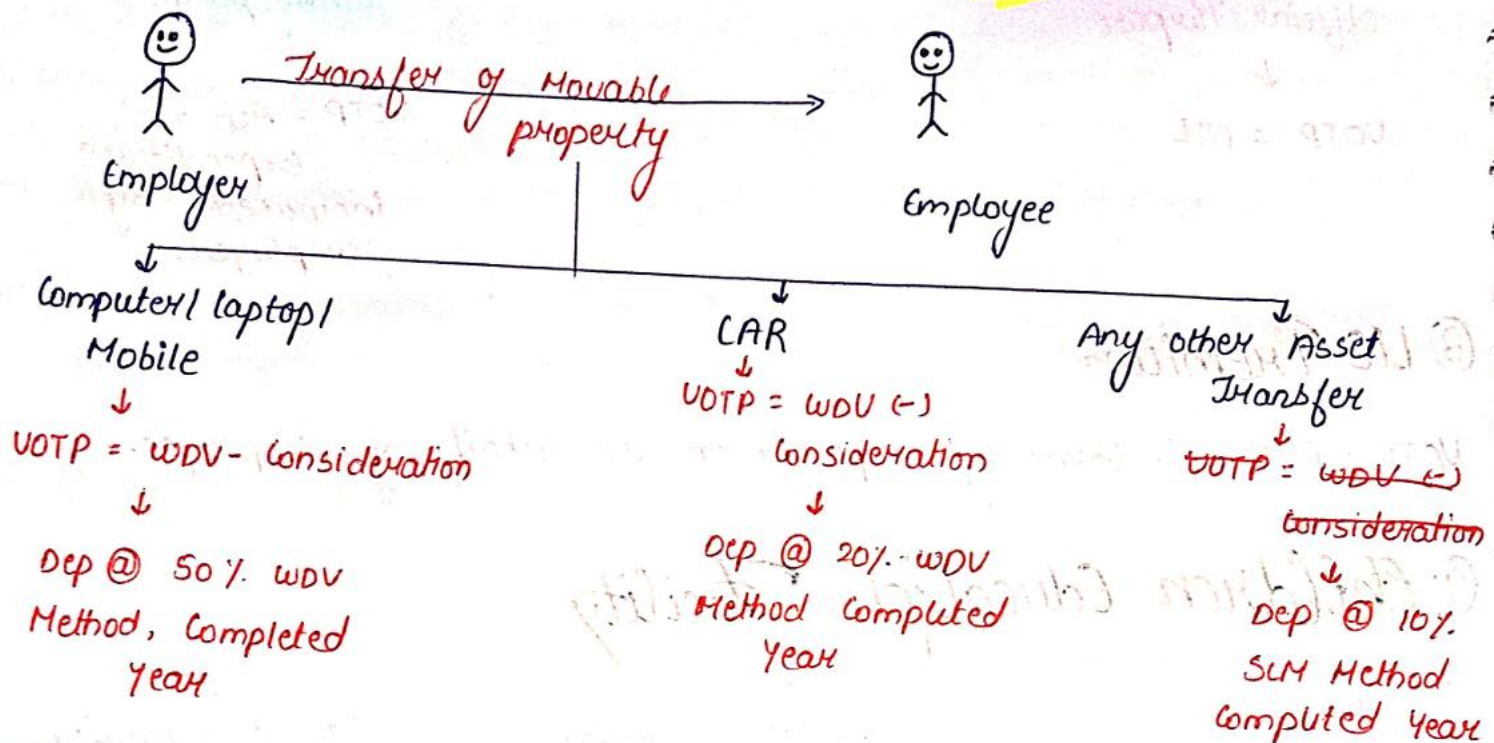
↓
School / Institution Not own by Employer

↓
Fully Taxable! without any limit

Education facility for relatives of employee.

↓
Fully Taxable.

⑩ Transfer of Movable Property # Most Important



Example:- UG purchase a car on 25/10/2018 = 10,00,000
 RIF to ee on 8/2/2025 = 4,50,000
 Compute VOTP = ?

Solution:- Completed Year

25/10/18 - 24/10/19 = 3,60,000	$= 10,00,000 - 13,28,141$ $= 4,71,859$ $(4,50,000)$ <hr/> $21,859 \rightarrow \text{value of Taxable Perquisite.}$
25/10/19 - 24/10/20 = 2,88,000	
25/10/20 - 24/10/21 = 2,30,400	
25/10/21 - 24/10/22 = 1,84,320	
25/10/22 - 24/10/23 = 1,47,456	
25/10/23 - 24/10/24 = 1,17,965	
<u>13,28,141</u>	