UDESH REGULAR

FOR GROUP-1, MAY 2024

- Subject- Income Tax
- Chapter- Heads Of Income - Income U/H Salary
- Lecture No.- 09

PHYSICS WALLAH

Recap of Previous Lecture

Topic ~~Leave Encashment~~ PROVIDENT FUND

PHYSICS WALLAH

Topics to be Covered

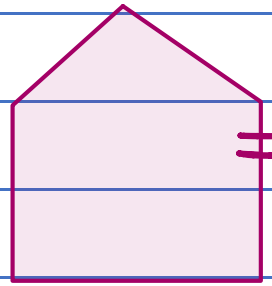
Topic ~~Retirement Benefits~~ PERQUISITES

HW FW = ill 11/12/13/14

ICAI = ill 14-18

Topic: ~~Retirement Benefits~~ PERQUISITES

TOPIC: RENT FREE - CONCESSIONAL ACCOMODATION (RFAC)



⇒ RFAC ⇒ Perq. Value

EE

↓ Govt EE

⇓

Perq Value = License fee of house

⇓

Annual Rental Value

↓ Non-Govt EE

↓ Owned By ER

↓

Perq Value *

= Specified % of Salary

↓ Taken on Rent by ER

↓

Perq value

= RP by ER

= 15% of Salary

} lower

Meaning of Salary for RFA

- Basic Salary
- DA (RB)
- Other Taxable portion of Allowances
- Bonus
- Comm (% / ₹)
- Other Monetary benefits received during Employment
  eg leave encashment during the Employment

* Specified %

Population-City	%
upto 10L	7.5%
Exceed 10L but upto 25L	10%
Exceed 25L	15%

Exclusions from Salary

- Retirement Benefit (PF / Gratuity / Pension / leave encashment)
- Perquisites.

Note :- 1 Salary Period ⇒ Period for which RFAC is Provided

RFAC ⇒ July'23 – Jan'24

Salary for RFAC

2. Acc. facility Provide by ER ⇒ W.E.f April'23
ER Acc. facility Avail ⇒ W.E.f Dec'23

Perq Calculate ⇒ from date of Availing the benefit ie from Dec'23.

Furniture facility Provided by ER in RFAC (Furnished Accom.)

(a) Furniture Owned by ER → Perq Value = 10% pa of Cost of Asset

(b) Furniture Taken on Hire by ER = Perq Value = Hire charges Paid by ER

Note:- If Any Amount is Recovered by Ek from EE, then such Amount is reduced from Perq Value.

	Govt EE	Non-Govt EE	
		Owned by Ek	Taken on Rent by Ek
House Value	License fee	Sp. % of Salary	RI by Ek 15% of Salary lower of Above 2
+10% of Cost of Asset	—	—	—
+ Hire charges of Asset	—	—	—
(-) Amt Recovered from EE	(-)	(-)	(-)
Perquisite Value	—	—	—

Q11 10 Computation of GTI

		₹
Basic Salary	(73000 × 12)	876000
Rent	(WN)	84000
	Gross Salary	9,60,000
(-) Dep u/s 16(10)	St. ded	50,000
	Income u/H Salary (GTI)	9,10,000

WN Calculation of Rent

License fee of House	6000 × 12	72,000
+ 10% pa of Cost of Asset	100000 × 10%	10,000
+ Hire charges of AC	2M × 1000pm	2000
(-) Amt Recovered from EE		(—)
		84000

Q119 Particulars	New Default	Old Optional
Basic pay (20000×12)	240000	240000
D.A (10000×12)	1,20,000	1,20,000
Bonus (1000×12)	12,000	12,000
COMM. (2000×12)	24,000	24,000
C.Eq. Allowance 150×12×3 = 5400	5400	
(-) Exempt (old) 100×12×2 = 2400	–	3000
Hosty Allowance 500×12 = 6000	6000	–
(-) Exempt (old) 300×12 = 3600	–	2400
Ent Allowance (500×12)	6000	6000
Transp Allowance 1800×12	21600	21600
Professional Tax paid by ER (200×12)	2400	2400
Club Facility (1000×12)	12000	12000
RFAC (Working Note)	56250	55350
Gross Salary	505650	498750

(-) dep u/s 16

St. ded	(50,000)	(50000)
Ent Allowance	—	—
Prof. Tax	—	(2400)
	455650	4,46,350

Income u/H Salary

Working Note **RFAC**

(A) Default Regime

- Rent Paid by Ek 11000 × 12 = 132000
- 15% of Salary (15% of 375000) = 56250

Lower 56250

+ 10% pa cost of Asset	—
+ HC of Asset	—
(-) Amt Recovered	(-)

Salary

BS		240000
DA (FD)	120000 × 50%	60,000
C. Edu All		5400
House		6000
Ent All		6000
Trasp All		21600
Bonus		12000
Comm		24000
		375000

56250

(B) Optional Regime

- Rent Paid by Ek 11000 × 12 = 132000
- 15% of Salary (15% of 369000) = 55350

Lower 55350

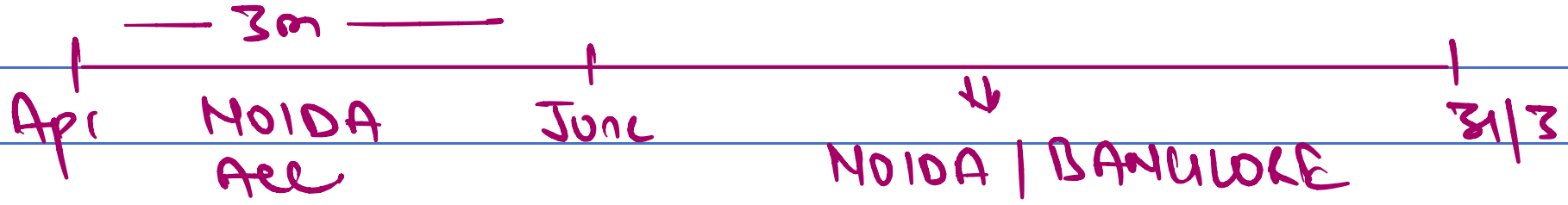
+ 10% pa cost of Asset —
+ HC of Asset —
(−) Amt Recovered (−)

55350

Salary

BS		240000
DA (RB)	120000 × 50%	60,000
C.Ed All		3000
Hostel		2400
Ent All		6000
Transp All		21600
Bonus		12000
Comm		24000
		369000

1/7/23 Transfer to Banglore



NOIDA = TAXABLE

First 90 days (July-Sep) = Any 1 Accom. Taxable

After 90d = Non Acc Taxable

HOTEL ACCOMODATION

Perq Value — 24% of Salary
Exp. Incurred by ER
} = lower.

eg — Hotel Acc. for M/D July'23 ⇒ Salary for FY = 300000
Exp Incurred by ER ⇒ ₹ 1,20,000

Fair Value — 24% of Salary is ₹ 72000
Exp Incurred by EE = 1,20,000
Lower = 72000

Exemption in case of Hotel Accomodation

* EE Transfer from one Job location to Another
And
* Hotel Stay shall not exceed 15 days.

Interest free or concessional loan.

Car Loan = ₹15L = Int free. → BANK ⇒ 8% pa
Car loan = ₹15L = 5% pa
↳ Int Saving = Facility Benefit
Benefit = 3% = Taxable

Car loan = ₹15L = 10% p.a. → Bank = 8%
↳ NUKSAAN = 2%
↳ NO TAX TREATMENT.

Perq Value = Sum of Monthly o/s balance × (SBI % − ER%) × 1/12

→ Calculated on Month end o/s balance.
→ Int rate charged by SBI As on 1/4/FY.

Eg
- Yashita → Housing loan from ER => 25L on 1/11/23
- SBI Int Rate 1/4/23 for Housing loan = 10% pa
- ER charge => 6% pa
- Yashita repay ₹1L @ end of every Month commencing from 31 Dec.
- Calculate concessional loan perq value. FY 23-24

Month end	o/s balance		
Nov	25,00,000	× (10% − 6%) × 1/12 =	8333
Dec	24,00,000	× (10% − 6%) × 1/12 =	8000
Jan	23,00,000	× (10% − 6%) × 1/12 =	7667
Feb	22,00,000	× (10% − 6% × 1/12 =	7333
March	21,00,000	× (10% − 6%) × 1/12 =	7000
	1,15,00,000		38,333

Concessional Int Req = 1,15,00,000 × 4% × 1/12 = 38,333

Exempt → Int free / concessional loan

5000
8000
2000
} 15000

① Agg. loan upto ₹20,000. (Petty loan)

② loan for Specified disease As per Rule 3A

Note:- If No Repayment of loan is made during the year → Interest calculation is done Normally

Eg:- Yashita loan 25L on 1/11/23 SBI = 10% RR = 6%
↳ didn't repay any Amt during FY 23-24.

	OS Bal
Nov	25L
Dec	25L
J	25L
F	25L
M	25L

Pay Value ⇒ 25L × (10% − 6%) × 5/12 (↳ Nov-March)

= 41,667.

Thank You