


<p>CORPORATE OFFICE TAXATION SECTION 1ST FLOOR, BHARAT SANCHAR BHAWAN, JANPATH, NEW DELHI-110001</p>	 <p>BHARAT SANCHAR NIGAM LTD.</p>	<p>BHARAT SANCHAR NIGAM LIMITED [A Government of India Enterprise]</p>
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No.1001-06/2008/Taxation/BSNL/SAL-IT/ACC.PERQ/629 Dated: 24th November, 2008

To,

Heads of All Telecom Circles / Metro Districts / Maintenance Region/ Project Circles / Task Force/ Data Network/ NCES/ ALTTC/ BRBRAITT/ NATFM/ QA/ T&D/ Telecom Stores/ Telecom Factories/ CPAO (ITI Bills)/ TCO, Kolkata / IT Circle, Pune/R&P C.O.

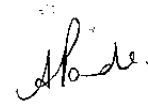
Sub: Bearing the Income Tax liability on perquisite tax of accommodation owned by BSNL/DOT/Central Pool provided to BSNL employees either rent free or licence fee recovery basis for the F.Y.2008-09.

Decision of the BSNL Board is hereby conveyed that BSNL will bear the liability of Income Tax on perquisite of accommodation owned by BSNL/DOT/Central Pool provided to BSNL employees either rent free or licence fee recovery basis as per section 10(10CC) read with section 192(1A) & 192(1B) of the Income Tax Act-1961, for the financial year 2008-09. (Copy of section 192(1) , 192(1A) & 192(1B) is annexed herewith for information. Also find enclosed herewith copy of illustration shown in para-3 of Circular No.9/2008[F.No. 275/192/2008-IT(B)] dated 29th September,2008 issued by CBDT for the F.Y.2008-09 for information and necessary action).

Regarding employees, working in BSNL, on deemed deputation basis, occupying staff quarters, the tax on perquisite of accommodation may neither be deducted nor be paid on their behalf to the Income Tax authorities till further orders.

Form-16 may be correctly issued to the employees and sl.no.18 of form-16 should clearly be bifurcated and shown as below:

- (a) Tax deducted at source u/s 192(1);
- (b) Tax paid by the employer on behalf of the employee.


(Arundati Panda)
GM (Taxation)

Copy to:-

- 1. GM (CA) for information and necessary action.

Section 192: Tax Deduction at source

Salary.

1. **Section 192(1)** => Any person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made, on the estimated income of the assessee under this head for that financial year.
2. **Section 192(1A)** => Without prejudice to the provisions contained in sub-section (1), the person responsible for paying any income in the nature of a perquisite which is not provided for by way of monetary payment, referred to in clause (2) of section 17, may pay, at his option, tax on the whole or part of such income without making any deduction therefrom at the time when such tax was otherwise deductible under the provisions of sub-section (1).
3. **Section 192 (1B)** => For the purpose of paying tax under sub-section (1A), tax shall be determined at the average of income-tax computed on the basis of the rates in force for the financial year, on the income chargeable under the head "Salaries" including the income referred to in sub-section (1A), and the tax so payable shall be construed as if it were, a tax deductible at source, from the income under the head "Salaries" as per the provisions of sub-section (1), and shall be subject to the provisions of this Chapter.

ILLUSTRATION OF CALCULATION OF AVERAGE RATE OF TAX

3. SECTION 192 OF THE INCOME-TAX ACT, 1961: BROAD SCHEME OF TAX DEDUCTION AT SOURCE FROM "SALARIES".

Method of Tax Calculation:

3.1 Every person who is responsible for paying any income chargeable under the head "Salaries" shall deduct income-tax on the estimated income of the assessee under the head "Salaries" for the financial year 2008-2009. The income-tax is required to be calculated on the basis of the rates given above and shall be deducted on average at the time of each payment. No tax will, however, be required to be deducted at source in any case unless the estimated salary income including the value of perquisites, for the financial year exceeds Rs.1,50,000/- or Rs.1,80,000/- or Rs.2,25,000/-, as the case may be, depending upon the age and gender of the employee. (Some typical examples of computation of tax are given at Annexure-I).

Payment of Tax on Non-monetary Perquisites by Employer:

3.2 An option has been given to the employer to pay the tax on non-monetary perquisites given to an employee. The employer may, at his option, make payment of the tax on such perquisites himself without making any TDS from the salary of the employee. The employer will have to pay such tax at the time when such tax was otherwise deductible i.e. at the time of payment of income chargeable under the head salaries to the employee.

Computation of Average Income Tax:

3.3 For the purpose of making the payment of tax mentioned in para 3.2 above, tax is to be determined at the average of income tax computed on the basis of rate in force for the financial year, on the income chargeable under the head "salaries", including the value of perquisites for which tax has been paid by the employer himself.

ILLUSTRATION:

Suppose that the income chargeable under the head 'salary' of a male employee below sixty-five years of age for the year inclusive of all perquisites is Rs.4,50,000/-, out of which, Rs.50,000/- is on account of non-monetary perquisites and the employer opts to pay the tax on such perquisites as per the provisions discussed in para 3.2 above.

STEPS:

Income Chargeable under the head "Salaries" inclusive of all perquisites:	Rs. 4,50,000
Tax on Total Salaries (including Cess):	Rs. 46,350
Average Rate of Tax $[(46,350/4,50,000) \times 100]$:	10.3%
Tax payable on Rs.50,000/- (10.3% of 50,000)	Rs. 5,150
Amount required to be deposited each month: $(5,150/12)$	Rs. 430