

No. GAD/S&C/1B/IT/

No 19177

Date : 17 JUN 2010

C I R C U L A R

Sub: Working out Income Tax on the value of perquisites in respect of unfurnished quarters/ accommodation provided by the Board - Computation and deduction of Income Tax & payment thereof.

Ref: 1) HO Circular No.GAD/I-B/I.Tax/70/976 dt. 08.01.91
2) HO Circular No.GAD/IA/IT/70/35158 dt. 9.10.1991
3) HO Circular No.GAD/IA/IT/70/1216 dt. 18.03.1992
4) HO Circular No.GAD/IA/IT/70/04151 dt. 03.02.93
5) High Court Petition No.508 of 1992 dt. 30th August, 2005
6) Circular No.Estt/S&C/IT/2009-10/1662 dt. 16.01.10
7) Circular No.Estt/S&C/IT/2009-10/5530 dt. 22.02.10
8) Circular No.Estt/S&C/IT/2009-10/8626 dt. 22.03.10

Consequent on disposal of Writ Petition No.508, of 1992 filed by Subordinate Engineers Association (MSEB) and Anr. Vs MSEB & Others in pursuance of Income tax (13th Amendment) Rules,2009– Substitution of Rule-3 and insertion of Rule 40F vide IT Notification No. 94/ 2009/ F.No.142/25/2009 – SO(TPL) dt. 18.12.09, Rent free as well as concessional rent accommodation provided to employees will follow within the purview of perquisites under Section-17 (2) IT Act 1961.

Accordingly, it was decided by the M.S.E.D.C.L. that, the provisional Income Tax has to be paid by the Company to Income Tax Department, so as to avoid any legal complication and final decision in this regard will be taken separately.

Now, the matter as regards payment of Income Tax deduction on computation of value on perquisites on rent free accommodation provided to the employees for the year 2009-2010 (AY 2010-2011) and onwards under Section 192 of Income Tax Act, 1961, has been reviewed by the Competent Authority and it is decided that, the expenditure incurred on account of Income Tax on perquisites viz. concessional rent accommodation to its employees, shall be

borne by the MSEDCL as a special case. The amount paid towards Income Tax will be included in the Annual Revenue Return (ARR) as Employees' Cost for the Financial Year 2009-2010 (A.Y. 2010-2011) and onwards

All the drawing & disbursing officers of the Maharashtra State Electricity Distribution Co. Ltd are requested to take note of the above and shall ensure strict observance of computing the Income Tax on the value of perquisites on rent free unfurnished accommodation provided to the employees be calculated & the Income Tax payment shall be made by the MSEDCL to the Income Tax Department as per rules.

Separate instructions for booking of the expenditure towards payment of income tax by the MSEDCL on valuation of perquisites will be issued by the Corporate Accounts Section.

The Drawing & Disbursing Officers are requested to intimate the amount of Income tax paid on valuation of perquisites towards rent free accommodation provided to employees, directly to the Corporate Accounts Section at the end of Financial Year so as to incorporate the same in the Annual Revenue Return (ARR) as employees' cost.



Col. Rahul Gowardhan (Retd.)
Executive Director (HR)

To:

1) **As per Maling list upto the level of Executive Engineers (Dist.)
In HO & Field.**

2) **The Chief General Manager (C.A)** – He shall intimate the Account Head for booking of expenditure incurred on account of I.Tax on valuation of perquisites towards rent free accommodation to the employees paid by various drawing & disbursing officers & the amount of expenditure incurred be considered for Annual Revenue Return (ARR) as Employees' cost.