

E-circular dt December 21, 2009



Rajive Chawla
President, FSIA



Sangeet Kr Gupta
Hon. Consultant, FSIA

FBT is gone, So, Higher Taxation of Perquisites in “IN”

The Govt of India has changed the Rules for Valuation of your Car, etc. Have a look

Source = Notification No. 94/2009/F.NO. 142/25/2009-SO (TPL), dated 18-12-2009

Hi members,

This is the Latest News. Came out on 18th Dec 2009.

And Note --- this is changed retrospectively , w.e.f. 1st April 2009.

Be ready to pay more tax, immediately , and for past 9 months too

Part 1 : Valuation of Rent Free House

Condition	City	Perk Value
If House is Owned by Employer	Over 25 lakh population, Example Delhi	15% of Salary
	10 to 25 lakh population - Faridabad	10% of Salary
	Below 10 lakh population - ex Gurgaon	7.5% of Salary
If House is Rented by Employer from third party	any	15% of Salary, or rent (lower of 2)

*Population figures are as per 2001 census

*Reduce the rent recovered from the employee, if any

This is important, Please review your tax Planning and structure immediately.

Part 2 : Valuation of Motor Car

Note this is to be added in almost all cases. Most of the FSIA members have their cars in the company names. And the car may be used by the Directors and the top executives for both official and personal purposes.

Now, there could be perk value of upto Rs. 39600. so, ask your accounts dept to quickly recalculate your tax amounts.

Condition	Car capacity < 1600 cc	> 1600 cc
	example - Honda City, Esteem, Accent and below	Example. Honda Civic, Skoda Octavia etc
If Car is Owned/Hired by Employer, and used for both official and personal usage	Rs. 1,800 (plus Rs. 900, if chauffeur is also provided to run the motor car) p.m.	Rs. 2,400 (plus Rs. 900, if chauffeur is also provided to run the motor car) p.m.

For details , please refer to the government notifications.

Part 3 : Valuation of Sweeper, Gardener etc

Valued at 100% of the cost to the employer.

Part 4 : Valuation of Gas, Electricity etc

Valued at 100% of the cost to the employer.

Part 5 : Valuation of Free education etc

Valued at 100% of the cost to the employer.

If it is below Rs. 1000 per month = then tax free

Part 5B : Valuation of Free Transport for personal journeys etc

Valued at 100% of the cost to the employer.

Except in case of Railways or Airline companies.

Part 6 : Valuation of Interest Free Loans

Valued at State Bank of India Rate of interest for 1st April of that year.

And on the monthly maximum outstanding balances

This is to be done for all staff advances.

Part 7 : Valuation of Holiday Hotel, Travelling etc.

Valued at 100% of the cost to the employer.

Part 8 : Valuation of Free Food & Beverages etc.

Valued at 100% of the cost to the employer.

Food inside office/factory premises upto Rs.50 per person, per meal, is exempt.
(during office hours)

Bad news = even a **Pizza Hut** Pizza costs much more. So does a North Indian Thali from **Haldirams**, and so does even a **Masala Dosa from Sagar Ratna**.

So, get ready for paying tax on this “perk” too.

But the point is, how will they value this, and how will they tax it in his Form 16 ?

Part 9 : Valuation of Gifts etc.

Valued at 100% of the cost to the employer.

Aggregate Gifts upto Rs. 5000 per employee per year is allowed tax free.

Today a Tanishq Gold Ginni costs Rs. 15000+.

So, next Diwali, this is either “out” or is taxable.

Part 10 : Credit Card Expenses for personal use .

Valued at 100% of the cost to the employer.

Official expenses are allowed tax free fully

Part 11 : “Club” Expenses .

Valued at 100% of the cost to the employer.

Part 12 : Telephones and Mobile phones.

It remains “Free”

What should FSIA SME member's do ?

1. **Don't Take it lightly**

- a. It is a REAL change.
- b. Study the new Rules
- c. Study what is coming in ?
- d. Review where you are ?
- e. Review what changes you need in your ERP Softwares ?
- f. Take guidance of your Chartered Accountants and Management Consultants

We at FSIA are in your service.

For queries, suggestions and feedback , you can e-mail us at :

Sangeet Kumar Gupta

FCA, ICWA, PGDMM, B.Com(Hons)
Honorary Consultant,
Faridabad Small Industries Association
93126-08426
groupmlg@eth.net
Camp Off : SCF no 70, Sector-16A Market, Faridabad
FSIA Off : FSIA Park, Opp. Plot No.23, Sector-
24, Faridabad- 121005



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Example: Auto Emails

a) Every 9 am , **ERP pushes the Marketing team** (tells them their target for the month, how much they have done till date, and what % they are ahead of / behind targets...)

b) Every time a shipment leaves the factory gate, the **Auto-Email pushes itself** and unwinds in the customer purchase dept desktop.... advising him about the facts of the shipment , including product, price, Qty, invoice no, truck number, time of exit from factory and even the mobile number of the truck driver.





For Trade Enquiries contact : Puneet Gupta 93500-18744, Sanjay 93-1213-6464, MLG Infotech Pvt Ltd – the company that can give you both the full ERP and also individual modules, according to your need. ...

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Examples of some Auto Emails or SMS's

Examples of Push Technology "Auto E-mail or SMS"

in Vendor Management (Purchase+Stores+QA activity)

a) Item code no 54417881 (Part for the Machine under repair) – 4 nos' has been received at the Factory Gate, vide GE no 05521 at 13:44 hours. Pls get early QC and take possession. This email is generated since you had marked this urgent.

b) Auto mail to MD = "PO no 1772 dt August 21, 2009, for xxxxxxxx item pending for your approval." If desired, click here to "Log-in" now.

c) ERP can push the Vendor – with Purchase plan (schedule, based on the MRP run)

d) ERP does "pressurize" the Vendor – each time there is a Quality problem. Example
"Mr Mukesh, your shipment of item code "XU2910" has been rejected by our QA dept at 11.24 am today. It came of your invoice no 010671 dt 14-8-2009. Please contact our Purchase Dept / QA Dept immediately"

Benefit = reduces the delay and communication gaps.

e) Item no 48177771 has fallen below the Minimum level 900 units (MOQ=1000 units) due to the issue slip no 020881 dt 19/08/2009 at 15:42 hours . Pls replenish.

Examples of Push Technology "Auto E-mail or SMS" in Finance Management

e) Cash in hand has dipped below Rs. 1 lakh at the Head office, Take action immediately

f) Cash in hand has increased beyond the max limit of Rs. 2 lakh for the Mumbai Depot. Please deposit with HO Bank immediately.

g) Chq no 478278 dt 5/8/2008 of ABC Polymers Ltd has been returned unpaid (bounced) Contact the drawer.



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