

F. NO.385/05/2010-IT (B)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

Sub: Adjustment of “Advance Tax in respect of Fringe Benefits” for Assessment Year 2010-11 against “Advance Tax” – matter regarding.

.....

The Finance Act, 2005 introduced a levy namely Fringe Benefit Tax (FBT) on the value of certain fringe benefits as contained in Chapter XII H (Sections 115 W to 115 WL) of Income Tax Act, 1961. By the Finance (No. 2) Act, 2009 a new Section 115 WM was inserted to abolish the FBT with effect from Assessment Year (A.Y.) 2010-11. Consequently, benefits given to employees are taxed as perquisites in the hands of employees in terms of amendments to Clause 2 of Section 17 of Income Tax Act, 1961. However, during the current Financial Year 2009-10 some assesseees have paid “advance tax in respect of fringe benefits” for Assessment Year 2010-11. In such cases the Board has decided that any installment of “advance tax paid in respect of fringe benefits” for A.Y. 2010-11 shall be treated as Advance Tax paid by assessee concerned for A.Y. 2010-11. The assessee can adjust such sum against its advance tax obligation in respect of income for A.Y. 2010-11 or in case of loss etc claim such payment as refund as advance tax paid in A.Y. 2010-11.

2. This circular may be brought to the notice of all officers in the field for compliance.

Hindi version to follow

(Ansuman Pattnaik)
Director (Budget)

Copy to:-

1. The Chairman, Members and other offices in CBDT of the rank of Under Secretary and above.

2. All Chief Commissioners and Director Generals of Income Tax.
3. 100 copies to DIT (PR, PP & OL) for printing in the quarterly tax bulletin and for circulation as per their usual mailing list.
4. DIT (Recovery), DIT (System), DIT (DOMS), DIT (Vigilance) and DIT (IT).
5. The Comptroller and Auditor General of India (40 copies).
6. Guard File.

(Ansuman Pattnaik)
Director (Budget)