

Section 115WM of the Income-tax Act, 1961 - Income-tax on fringe benefits - Chapter XII-H not to apply after a certain date - Adjustment of advance tax in respect of fringe benefits" for assessment year 2010-11 against advance tax

Circular No. 2/2010, dated 29-1-2010

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 (Section 115W to 115WI) of Income Tax Act, 1961. By the Finance (No. 2) Act, 2009 a new Section 115WM 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 amendment 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 benefit" 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 to 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.