

Section 115WM of the Income-tax Act, 1961 - Fringe Benefit Tax - 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 (sections 115W to 115WL) 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 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 instalment of "advance tax paid in respect of fringe benefits" for assessment year 2010-11 shall be treated as Advance Tax paid by assessee concerned for assessment year 2010-11. The assessee can adjust such sum against its advance tax obligation in respect of income for assessment year 2010-11 or in case of loss etc. claim such payment as refund as advance tax paid in assessment year 2010-11.

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

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