

आवक क्र. 839

O/c. the Executive Director

महानगर टेलीफोन निगम लिमिटेड

(भारत सरकार का उद्यम)

निगम कार्यालय

MAHANAGAR TELEPHONE NIGAM LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

CORPORATE OFFICE

2008-1739

19.03.08

No. 7-2/Tax/Misc-2008-09

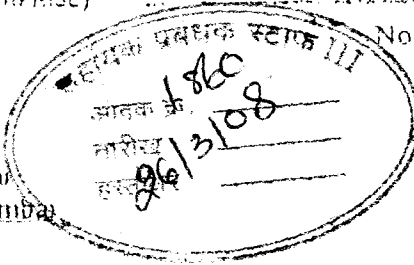
Dated 15.03.08

उपमहाप्रबंधक-1

आवक क्र. 839

तारीख 25/3

हस्ताक्षर



The ED Delhi/Mumbai  
GM(Fin) Delhi/Mumbai  
GM(Admn.) Delhi/Mumbai

**Sub: Valuation of perquisite on Residential Quarter allotted to MTNL officials.**

Kindly refer to our earlier instruction vide this office letter No. 7-2/TAX/Misc/06-07 dated 15.3.08 on the above mentioned subject.

In this connection this is to inform you that Section 17 (2) (ii) of the Income Tax Act, 1961 deals with the definition of perquisite which states that "perquisite includes the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer."

Explanation 1 to that sub clause defines the concession in the matter of rent is deemed to be provided if in a case where in unfurnished accommodation is provided by any employer other than the central govt. or any State Govt. and the accommodation is owned by the employer, the value of accommodation determined at the specified rate in respect of the period during which the said accommodation is occupied by the assessee during the previous year exceeds the rent recoverable from, or payable by the assessee

Explanation 4 to the same sub clause has been inserted by the Finance Bill, 2007 retrospectively with effect from 1.04.2006 which defines the "specified rate". According to this explanation the specified rate shall be:

- (i) fifteen per cent of salary in cities having the population exceeding twenty lakhs as per 2001 census
- (ii) ten per cent of salary in cities having the population exceeding ten lakhs but not exceeding twenty five lakhs as per 2001 census and
- (iii) seven and one half per cent of salary in any other place

As per that explanation the specified rate for Delhi/New Delhi/NCR and Mumbai shall be 15%. Also, the definition of salary is given for the above sub-clause in Explanation 3 according to which the Dearness allowance should be included in salary while calculating the value of accommodation at specified rate if dearness allowance is included for the computation of superannuation or retirement benefits of the employee concerned.

महाप्रबंधक (प्रशा.) का कार्यालय  
प. टेलि. लिमिटेड, मुंबई.  
आ. क्र./Inward No. ED-283  
20 MAR 2008  
U/o. General Manager (A)  
M.T.N.L., Mumbai.

MTNL, MUMBAI, MAHARASHTRA BOOK DEPO, 4580 RO...

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DGM (A-1)  
PR circulate.  
25/3  
Adm (A-1)  
25/3

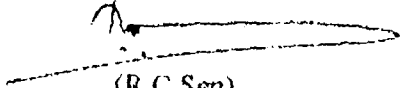
31/c  
[Handwritten notes and signatures]

CP-T.O

You are requested to advise concerned official to take necessary action for deduction of tax (TDS from Salary) as per provision of Section 17 (2) of Income Tax Act, 1961 as 'perquisite' from the salary of March, 2008 onwards.

As a result of above amendment in the income Tax Act, 1961 the employees may have to deposit tax on perquisite as demanded by the IT authorities for the earlier years for which the employees have given an undertaking to the MTNL.

This issues with the approval of competent authority.


  
(R.C. Sen)  
DGM (A/c)

Copy to:-

1. PS to CMD
2. PS to Dir(Tech/Dir(Fin)/Dir. (HR)
3. ED(O), CO
4. GM (Marketing). for insertion in CMD's message for the month of March, 2008
5. Legal Advisor
6. DGM(FMS), Delhi/Mumbai
7. CAO (Cash)
8. Notice Board

NO: ST / AGMCA-I) / SDE(wo) / Building / 06-05/31 dt 28/03/2008

- To:-
- 1) ED, MTNL, Mumbai In informal pl.
  - 2) CGM(Ls) / CGM(ED) / CGM(WS) / CGM(CETTM)  
MTNL, Mumbai In informal pl.
  - 3) All GMs MTNL, Mumbai / CE(BW)  
In informal pl.

  
प्रा.स. 28/03/08  
सहायक महासंचालक (प्रशासन-I)  
महानगर टेलिफोन निगम लिमिटेड, मुंबई ४०० ०२६.  
Assistant General Manager (Admin-I)  
Maharashtra Telephonic Nigam Limited,  
MUMBAI-400 026.