To
Heads of All Telecom Territorial Circles/Metro Districts/Maintenance Regions/Project Circles/Task Force/Data Network/NCES/ALTTC/ BRBRAITT/ NATFM/Q&A / T&D / Telecom Stores / Telecom Factories / CPAO (ITI)/ TCO, Kolkata/ IT Circle, Pune

Sub:- Valuation of Perquisite of Accommodation in respect of BSNL Employees in occupation of Staff Quarters for the purpose of Income Tax -Reg.

Ref.-2:-1001-06/2005/Taxation/BSNL/SAL-IT/Acc. Perq. /847 dated 27.11.2007

Kindly refer to this Office letter of even no. dated 27.11.2007, wherein it was instructed that BSNL may pay the Income Tax on Perquisite of Accommodation for the past period upfront on behalf of employees and the tax may be recovered in suitable installments from the salary of employees.

Vide Letter dated 13.12.2007 it was intimated that the Board has decided that the matter may be represented to Ministry of Finance and till then the deduction of tax from concerned employees be deferred.

Also refer to Letter No. 1001-06/2005/Taxation/BSNL/SAL-IT/Acc. Perq. /641 dated 16.07.2007, wherein it was instructed that Income Tax on perquisite of accommodation may be deducted for the Financial Year 2007-08.

Now approval of the Management Committee is hereby conveyed to pay the Income tax on perquisite of accommodations on behalf of all concerned employees for the FY 2001-02 to FY 2007-08 (AY 2002-03 to AY 2008-09) to the Income tax authorities by 31.03.2008 by BSNL.

Accordingly you may immediately withhold any further recovery of Income tax on perquisite of accommodations in respect of all employees for current FY 2007-08.

On the issue of recovery of tax from employees the matter is still under consideration of the Board and further instructions may be awaited.
Employees on deemed deputation/deputation have protested against the levy of perquisite tax and the same has been referred to CBDT on 17.01.2008. CBDT has not replied as yet due to Budget. In view of reply not yet received, it is instructed that payment of perquisite tax to Income Tax Authorities for officers on deemed deputation/deputation may be withheld till further order likely to be received in the month of March 2008.

Since there is a probability of levy of Interest & Penalty after the close of Financial Year 2007-08, it may be ensured that all payment of tax on perquisite of accommodation on behalf of employees except those on deemed deputation/deputation may be made before 31/03/2008 and the same amount must be reflected in the TDS return of last quarter.

Copy to: -

(1) DDG(CA) for information and necessary action