



VALUATION OF PERQUISITES

Medical Facility
Motor Car

MEDICAL FACILITY

Medical Expenses of employee met by employer is considered as a perquisite in the hands of employees.

Medical Facility by employer is different from fixed medical allowance paid as apart of salary.

Taxability of medical facility (perquisite) may be discussed under two categories:

- A. Medical Facility in India
- B. Medical Facility outside India

MEDICAL FACILITY

A. Medical Facility in India

Medical facility provided by employer for treatment of employee or **family member** is not taxable in the following cases:

- i. Hospital owned/ maintained by employer;
- ii. Hospital of Central Government/State Government/ Local Authority
- iii. Private hospitals notified by the Government for treatment of government employees
- iv. A hospital approved by the Commissioner of Income Tax for treatment of specified diseases.
- v. Health insurance premium borne/ paid by employer or reimbursed to employee

Any other medical facility, expenditure incurred or reimbursed for treatment in India is chargeable to tax.

MEDICAL FACILITY

B. Medical Facility outside India

Limits of exemption of Medical facility/expenditure/reimbursement of employee or **family member** provided by employer outside India :

- i. Medical Treatment: Expenses on medical treatment exempt up to the extent of foreign currency sanctioned by RBI;
- ii. Expenditure on travel: The travel expenses of patient and one attendant will be exempt only if the employee's gross total income does not exceed Rs. 200000
- iii. Expenditure on stay abroad: Expenditure for patient and one attendant is exempt up to the extent permitted by RBI

Family member included spouse, children (minor, major, dependant, independent), dependant parents, brothers and sisters of employees.

PERQUISITE IN RESPECT OF MOTOR CAR

A. Car owned by employee

Expenses of running and maintenance borne by employee- No perquisite

Expenses of running and maintenance borne by employer

- i. Car used wholly for official purpose- No perquisite
- ii. Car used wholly for private purpose- amount spent by employer
- iii. Car used for both official and private purpose

Amount of employer's expenditure/ reimbursement

Less: Deduction (Rs. 1800 per month for engine capacity up to 1.6 litres, Rs. 2400 per month for engine capacity more than 1.6 litres and Rs. 900 per month where chauffeur (driver) provided by employer)

Less: Amount recovered from the employee, if any

PERQUISITE IN RESPECT OF MOTOR CAR

B. Car owned or hired by employer

Expenses of running and maintenance borne by employee

- i. Car used wholly for official purpose- No perquisite
- ii. Car used wholly for private purpose-
 - a) hire charges paid by employer where car is hired
 - b) 10 % of actual cost of car if owned by employer

Any amount recovered from the employee will be deducted
- iii. Car used for both official and private purpose
 - a) Rs. 600 per month for engine capacity up to 1.6 litres + Rs. 900 per month for driver if provided
 - b) Rs. 900 per month for engine capacity more than 1.6 litres + Rs. 900 per month for driver if provided

No amount is deductible for amount recovered from employee

PERQUISITE IN RESPECT OF MOTOR CAR

B. Car owned or hired by employer

Expenses of running and maintenance borne by employer

- i. Car used wholly for official purpose- No perquisite
- ii. Car used wholly for private purpose-
 - a) expenditure incurred by employer for running and maintenance plus hire charges paid by employer where car is hired
 - b) expenditure incurred by employer for running and maintenance plus 10 % of actual cost of car if owned by employer
- iii. Car used for both official and private purpose
Rs. 1800 per month for engine capacity up to 1.6 litres, Rs. 2400 per month for engine capacity more than 1.6 litres and Rs. 900 per month where chauffeur (driver) provided by employer)

No amount is deductible for amount recovered from employee

PERQUISITE IN RESPECT CONVEYANCE OTHER THAN MOTOR CAR

C. Where employee owns an automotive conveyance other than a car and expenses of running and maintenance borne by employer

- i. Conveyance used wholly for official purpose- No perquisite
- iii. Conveyance used for both official and private purpose-

Taxable value shall be the amount of expenditure incurred by employer with a deduction of Rs. 900

D. Conveyance provided by an employer (other than a motor car) that is owned or hired

- i. If used solely for official purposes, it is non-taxable (Nil).
- ii. If used for personal purposes, the actual expenditure incurred by the employer, less any recovery from the employee, is taxable.