

## CHAPTER TWO

### STATUTORY PROVISIONS AND RULES

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#### 2.1 INTRODUCTION:

In the present Chapter, the statutory provisions pertaining to the assessment of income from salary, as they stand in the Income-tax Act, 1961, as also the relevant Rules contained in the Income-tax Rules, 1962, are being produced verbatim. The texts of the statutory provisions and of the Rules has been extracted from Taxmann's "Income Tax Act" and "Income Tax Rules" (both 1990 editions). The explanation of the footnote numbers appearing within the text of the sections and the rules has been offered in the 'References' part of the Chapter. In addition to these statutory provisions and rules, the CBDT has also prescribed a number of Forms under the Rules.

#### 2.2 TEXT OF THE PROVISIONS:

#### CHAPTER IV

#### COMPUTATION OF TOTAL INCOME

##### *Heads of Income*

##### Heads of income.

14. Save as otherwise provided by this Act, all income shall, for the purposes of charge of income-tax and computation of total income, be classified under the following heads of income:-

##### A. - Salaries.

<sup>1</sup>[\*\*\*]

- C. - Income from house property.
- D. - Profits and gains of business or profession.
- E. - Capital gains.
- F. - Income from other sources.

**A. - Salaries.**

**Salaries.**

<sup>2</sup>15. The following income shall be chargeable to income-tax under the head "Salaries" -

- (a) any salary due from an employer or a former employer to an assessee in the previous year, whether paid or not;
- (b) any salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer though not due or before it became due to him;
- (c) any arrears of salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to income-tax for any earlier previous year.

<sup>3-4</sup>Explanation: For the removal of doubts, it is hereby declared that where any salary paid in advance is included in the total income of any person for any previous year, it shall not be included again in the total income of the person when the salary becomes due.

**Deductions from salaries.**

16. The income chargeable under the head "salaries" shall be computed after making the following deductions, namely:-

- <sup>5</sup>[(i) <sup>6</sup>[a deduction of] <sup>7</sup><sup>8</sup>[a sum equal to thirtythree and one-third per cent of the salary or twelve thousand rupees, whichever is less]];

<sup>9</sup>[\*\*\*]

<sup>10</sup>[Explanation: <sup>11</sup>[\*\*\*]; For the removal of doubts, it is hereby declared that where, in the case of an assessee, salary is due from, or paid or allowed by, more than one

employer, the deduction under this clause shall be computed with reference to the aggregate salary due, paid or allowed to the assessee and shall in no case exceed the amount specified under this clause;]

<sup>12</sup>[\*\*\*]

(ii) <sup>13</sup>[a deduction] in respect of any allowance in the nature of an entertainment allowance specifically granted to the assessee by his employer -

(a) in the case of an assessee who in receipt of a salary from the Government, a sum equal to one-fifth of his salary (exclusive of any allowance, benefit or other perquisite) or five thousand rupees, whichever is less; and

(b) in the case of any other assessee who is in receipt of such entertainment allowance and has been continuously in receipt of such entertainment allowance regularly from his present employer from a date before the 1st day of April, 1955, the amount of such entertainment allowance regularly received by the assessee from his present employer in any previous year ending before the 1st day of April, 1955, or a sum equal to one-fifth of his salary (exclusive of any allowance, benefit or other perquisite) or seven thousand five hundred rupees, whichever is the least;

<sup>14</sup>[(iii) a deduction of any sum paid by the assessee on account of a tax on employment within the meaning of clause (2) of Article 276 of the Constitution, leviable by or under any law.]

(iv) <sup>15</sup>[\*\*\*]

(v) <sup>16</sup>[\*\*\*]

**"Salary", "perquisite" and "profits in lieu of salary" defined.**

17. For the purpose of sections 15 and 16 and of this section, -

(1) "salary" includes -

- (i) wages;
  - (ii) any annuity or pension;
  - (iii) any gratuity;
  - (iv) any fees, commissions, perquisites or profits in lieu of or in addition to any salary or wages;
  - (v) any advance of salary;
  - <sup>18</sup>[(va) any payment received by an employee in respect of any period of leave not availed of by him;]
  - (vi) the annual accretion to the balance at the credit of an employee participating in a recognized provident fund, to the extent to which it is chargeable to tax under rule 6 of Part A of the Fourth Schedule; and
  - (vii) the aggregate of all sums that are comprised in the transferred balance as referred to in sub-rule (2) of rule 11 of Part A of the Fourth Schedule of an employee participating in a recognized provident fund, to the extent to which it is chargeable to tax under sub-rule (4) thereof;
- <sup>19</sup>(2) "perquisite" includes -
- <sup>20</sup>(i) the value of rent-free accommodation provided to the assessee by his employer;
  - (ii) the value of any benefit or amenity granted or provided free of cost or at concessional rate in any of the following cases:-
    - (a) by a company to an employee who is a director thereof;
    - (b) by a company to an employee being a person who has a substantial interest in the company;
    - (c) by any employer (including a company) to an employee to whom the provisions of paragraphs (a) and (b) of this sub-clause do not apply and whose income <sup>21</sup>[under the head "Salaries" (whether due from, or paid or allowed by,

one or more employers), exclusive of the value of all benefits or amenities not provided for by way of monetary payment, exceeds twentyfour thousand rupees.]

<sup>22</sup> [Explanation: For the removal of doubts, it is hereby declared that the use of any vehicle provided by a company or an employer for journey by the assessee from his residence to his office or other place of work, or from such office or place to his residence, shall not be regarded as a benefit or amenity granted or provided to him free of cost or at concessional rate for the purposes of this sub-clause;]

(iv) any sum paid by the employer in respect of any obligation which, but for such payment, would have been payable by the assessee; and

(v) any sum payable by the employer, whether directly or through a fund, other than a recognized provident fund or an approved superannuation fund <sup>23</sup> [or a Deposit-linked Insurance Fund established under section 3G of the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948), or, as the case may be, section 6C of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) to effect an assurance on the life of the assessee or to effect a contract for an annuity;

<sup>24</sup> [\*\*\*]

<sup>25</sup> (3) "profits in lieu of salary" includes -

(i) the amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with the termination of his employment or the modification of the terms and conditions relating thereto;

(ii) any payment (other than any payment referred to in clause (10), <sup>26</sup> [clause (10A)], <sup>27</sup> [clause (10B)],

clause (11), <sup>28</sup>[clause (12) or clause (13A)] of section 10), due to or received by an assessee from an employer or a former employer or from a provident or other fund (not being approved superannuation fund), to the extent to which it does not consist of contributions by the assessee or interest on such contributions.

### 2.3 TEXT OF THE RULES:

#### PART II

#### DETERMINATION OF INCOME

##### A. - Salaries

<sup>20</sup>[Limits for the purposes of section 10(13A).]

2A. The amount which is not to be included in the total income of an assessee in respect of the special allowance referred to in clause (13A) of section 10 shall be -

- (a) the actual amount of such allowance received by the assessee in respect of the relevant period; or
- (b) the amount by which the expenditure actually incurred by the assessee in payment of rent in respect of residential accommodation occupied by him exceeds one-tenth of the amount of salary due to the assessee in respect of the relevant period; or

<sup>30</sup>(c) an amount equal to -

- (i) where such accommodation is situate at Bombay, Calcutta, Delhi or Madras, one-half of the amount of salary due to the assessee in respect of the relevant period; and
- (ii) where such accommodation is situate at any other place, two-fifth of the amount of salary due to the assessee in respect of the relevant period.]

(d) <sup>31</sup>[\*\*\*]

whichever is the least.

Explanation: In this rule -

- (i) "salary" shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule;
- (ii) "relevant period" means the period during which the said accommodation was occupied by the assessee during the previous year;

<sup>32</sup> [(iii) \*\*\*]]

<sup>33</sup> [Conditions for the purpose of section 10(5).]

✓ 2B. (1) The amount exempted under clause (5) of section 10 in respect of the value of travel concession or assistance received by or due to the individual from his employer or former employer for himself and his family, in connection with his proceeding -

- (a) on leave to any place in India,
- (b) to any place in India after retirement from service or after the termination of his service,

shall be the amount actually incurred on the performance of such travel, subject to the following conditions, namely:-

- (i) where the journey is performed <sup>34</sup> [or or after the 1st day of April, 1989] by rail, an amount not exceeding the airconditioned second class fare by the shortest route to the place of destination;

- (ii) where places of origin of journey and destination are connected by rail and the journey is performed <sup>34</sup> [or or after the 1st day of April, 1989] by any other mode of transport, an amount not exceeding the airconditioned second class rail fare by the shortest route to the place of destination; and

- ✓ (iii) where the place of origin of journey and destination or part thereof are not connected by rail and the journey is performed <sup>34</sup> [on or after the 1st day of April, 1989] between such places, the amount eligible for exemption shall be, -



- (A) where a recognized public transport system exists, an amount not exceeding the 1st class or deluxe class fare, as the case may be, on such transport by the shortest route to the place of destination; and
- (B) where no recognized public transport system exists, an amount equivalent to the airconditioned second class rail fare, for the distance of the journey by the shortest route, as if the journey had been performed by rail.

(2) The exemption referred to in sub-rule (1) shall be available to an individual in respect of two journeys performed in a block of four calendar years commencing from the calendar year 1986;

<sup>34</sup> [Provided that nothing contained in this sub-rule shall apply to the benefit already availed by the assessee in respect of any number of journeys performed before the 1st day of April 1989 except to the extent that the journeys so performed shall be taken into account for computing the limit of two journeys specified in the sub-rule.]

(3) Where such travel concesssion or assistance is not availed of by the individual during any such block of four calendar years, an amount in respect of the value of the travel concession or assistance, if any, first availed of by the individual during first calendar year of the immediately succeeding block of four calendar years shall be eligible for exemption.

Explanation: The amount in respect of the value of the travel concession or assistance referred to in this sub-rule shall not be taken into account in determining the eligibility of the amount in respect of the value of the travel concession or assistance in relation to the number of journeys under sub-rule (2).]

<sup>35</sup> [Application under section 10(23) and under sub-clauses (iv) and (v) of section 10(23C).

2C. (1) The prescribed authority under clause (23) and sub-clauses (iv) and (v) of clause (23C) of section 10 shall be the

Director General (Income-tax Exemptions), to whom the applications shall be made as provided in sub-rules (2) and (3).

(2) The Form in which an application is to be furnished under-clause (23) of section 10 by a sports association or institution shall be in Form no.55.

(3) The Form of application to be furnished under sub-clauses (iv) and (v) of clause (23C) of section 10 by a fund, trust or institution shall be in Form no.56.]

<sup>36</sup>Valuation of perquisites.

3. For the purpose of computing the income under the head 'Salaries', the value of the perquisites (not provided for by way of monetary payment to the assessee) mentioned below shall be determined in accordance with the following clauses, namely:-

<sup>37</sup><sup>38</sup>(a) The value of rent-free accommodation shall be determined on the basis provided hereunder, namely:-

<sup>39</sup>[(a) where the accommodation is provided -

- (A) by Government to a person holding an office or post in connection with the affairs of the Union or of State;
- (B) by a body or undertaking under the control of Government to any officer or Government whose services have been lent to that body or undertaking (the accommodation itself having been allotted to it by Government).

an amount equal to -

- (1) if the accommodation is unfurnished, the rent of which has been or would have been determined as payable by such person or officer in accordance with the rules framed by Government for allotment of residences to its officers;
- (2) If the accommodation is furnished, an amount calculated in accordance with sub-clause (i)(1) plus <sup>40</sup>[10 percent] per annum, of the original cost of the

furniture (including television sets, radio sets, refrigerators, other household appliances and airconditioning plant or equipment) or if such furniture is hired from a third party, the actual hire charges payable therefor;]

(ii) where the accommodation is provided -

(A) by the Reserve Bank of India, to any person employed by it;

✓ (B) by a corporation established by a Central, State or Provincial Act, or by a company in which all the shares are held (whether singly or taken together) by the Government or the Reserve Bank of India or a corporation owned by that Bank, to any person employed by it;

<sup>41</sup> [(BB) by a company (not being a company referred to in sub-clause (ii)(B) or sub-clause (ii)(D)] in which all the shares are held by a corporation referred to in sub-clause (ii)(B) or by a company referred to in that sub-clause, to any person employed by it;]

(C) by a body or undertaking including a society registered under the Societies' Registration Act, 1860 (21 of 1860), financed wholly or mainly by the Government, to any person employed by it;

(D) by a company [not being a company referred to in sub-clause (ii)(B)] <sup>42</sup> [or sub-clause (ii)(BB)] in which not less than 40 percent of the shares are held (whether singly or taken together) by the Government or the Reserve Bank of India or a corporation owned by that Bank, to any officer of the Government whose services have been lent to it or to any person employed by it after his retirement from the service of Government,

an amount equal to -

- (1) If the accommodation is unfurnished, 10 percent of the salary due to such person or officer, as the case may be, in respect of the period during which the said accommodation was occupied by him during the previous year.

<sup>43</sup>[Provided that where the assessee claims and the <sup>44</sup>[Assessing Officer] is satisfied that the sum arrived at on the aforesaid basis exceeds the fair rental value of the accommodation, the value of the perquisite to the assessee shall be limited to such fair rental value.]

- (2) If the accommodation is furnished, an amount calculated in accordance with sub-clause (ii)(1) plus <sup>45</sup>[10 percent] per annum of the original cost of the furniture (including television sets, radio sets, refrigerators, other household appliances and airconditioning plant or equipment) or if such furniture is hired from a third party, the actual hire charges payable therefor.

<sup>46</sup>(iii) in any other case, -

(A) ~~the~~ value of rent-free residential accommodation which is not furnished shall ordinarily be a sum equal to 10 percent of the salary due to the assessee in respect of the period during which the said accommodation was occupied by him during the previous year:

Provided that -

- (1) where the fair rental value of the accommodation is in excess of 20 percent of the assessee's salary, the value of the perquisite shall be taken to be 10 percent of the salary increased by a sum equal to the amount by which the fair rental value exceeds 20 percent of the salary; so, however, that the <sup>47</sup>[Assessing Officer]

may, having regard to the nature of the accommodation, determine the sum by which 10 percent of the salary is to be increased, as a percentage (not exceeding 100 percent) of the amount by which the fair rental value exceeds 20 percent of the salary;

- (2) where the assessee claims, and the <sup>48</sup>[Assessing Officer] is satisfied that the sum arrived at on the basis provided above exceeds the fair rental value of the accommodation, the value of the perquisites to the ~~assessee~~ shall be limited to such fair rental value;

(B) where the accommodation is furnished, the value of rent-free residential accommodation shall be the aggregate of the following sums, namely:-

- (1) the fair rental value of the accommodation arrived at in accordance with the provisions of sub-clause (iii)(A) as if the accommodation were not furnished, and
- (2) the fair rent for the furniture (including television sets, radio sets, refrigerators, other household appliances and airconditioning plant or equipment) calculated at <sup>49</sup>[10 per cent] per annum of the original cost of such furniture or if such furniture is hired from a third party, the actual charges payable therefor.

Explanation 1: "Salary" includes the pay, allowances, bonus or commission payable monthly or otherwise, but does not include the following, namely -

- (i) dearness allowance or dearness pay unless it enters into the computation of superannuation or retirement benefits of the assessee concerned;
- (ii) employer's contribution to the provident fund account of the assessee;

- (iii) allowances which are exempted from payment of tax;
- (iv) any allowance in the nature of an entertainment allowance, to the extent such allowance is deductible under clause (ii) of section 16.

Explanation 2: For the purposes of sub-clause (iii), the fair rental value of accommodation which is not furnished shall be the rent which a similar accommodation would realise in the same locality or the municipal valuation in respect of accommodation, whichever is higher.]

<sup>50</sup> [(b) The value of residential accommodation provided at a concessional rent shall be determined as the sum by which the value computed in accordance with clause (a), as if the accommodation were provided free of rent, exceeds the rent actually payable by the assessee for the period of his occupation during the relevant previous year.]

<sup>50</sup> [(c)(i) The value of a motor-car provided by the employer for the use by the assessee exclusively for his private or personal purposes shall be determined as the sum actually expended by the employer on the maintenance and running of the motor-car during the relevant previous year (including remuneration, if any, paid bby the employer to the chauffeur) and, where the motor-car is owned by the employer, as the aggregate of such sum and the amount representing the normal wear and tear of the motor car;

(ii) the value of a motor-car provided by the employer for use by the assessee, partly in the performance of his duties and partly for his private or personal purposes shall be determined to be a sum equal to that part of the amount actually expended by the employer on the maintenance and running of the motor-car during the relevant previous year (including remuneration, if any, paid by the employer to the chauffeur), which can reasonably be attributed to the user of the motor-car by the assessee for his private or personal purposes or; where the motor-car is owned by the

employer, the aggregate of such sum and of a sum equal to that part of the amount representing the normal wear and tear of the motor-car which can reasonably be attributed to the user of the motor-car by the assessee for his private or personal purposes; so, however, that where a determination on the basis mentioned above presents difficulty, the value of the perquisite may be determined on the basis provided in the Table below:

Table

Value of perquisite per calendar month		
Where the h.p. rating of the car does not exceed 16 or the cubic capacity of the engine does not exceed 1.88 litres		
1	2	3
	Rs.	Rs.
1. Where the motor-car is owned or hired by the employer and all the expenses on maintenance and running are met or reimbursed to the assessee by the employer.	300	400
2. Where the motor-car is owned or hired by the employer but the expenses on maintenance and running for the assessee's private or personal purposes are met by the assessee.	100	150

**Provided** that where a chauffeur is also provided to run the motor car, the value of the perquisite as calculated in accordance with this Table shall be increased by a sum of Rs.150 per month.

(iii) where one or more motor-cars are owned or hired by the employer of the assessee and the assessee is allowed the use

of such motor-car or all or any of such motor-cars (otherwise than wholly or exclusively in the performance of his duties, an amount calculated in accordance with the Table under sub-clause (ii) and the proviso thereto as if the assessee had been provided one motor-car for use partly in the performance of his duties and partly for his private or personal purposes.

**Provided** that where two or more motor-cars are allowed to be so used and the h.p. rating of any one of such motor-car exceeds 16 or the cubic capacity of the engine of any one of such motor-cars exceeds 1.88 litres, the assessee shall be deemed to have been provided by the employer with one motor-car of h.p. rating exceeding 16.

**Provided further** that where two or more motor-cars are allowed to be so used and a chauffeur is also provided to run any such motor-car, the value of the perquisite as so calculated shall be increased by a sum of Rs.150 per month.

(iv) where the assessee owns a motor-car but the actual running or maintenance charges (including remuneration of the chauffeur, if any) are met, or reimbursed to him, by the employer, the value of the perquisite to the assessee shall be determined as the sum actually expended by the employer, which, in the opinion of the <sup>52</sup>[Assessing Officer] can reasonably be attributed to the user of the car by the assessee, otherwise than wholly and exclusively in the performance of his duties.

(v) the value of a motor-car or motor-cars provided for the use of, or allowed to be used by, the assessee (otherwise than wholly and exclusively in the performance of his duties) at a concessional rate shall be determined as the sum by which the value computed in accordance with the foregoing provisions of this clause exceeds the amount actually payable by the assessee or the use of such motor-car or motor-cars for the period of use during the relevant previous year.



(vi) the value of the free use by the assessee of any other type of conveyance provided by the employer shall be determined as so much of the sum actually expended by the employer on the maintenance and running of the conveyance during the relevant previous year, and where the conveyance is owned by the employer, as so much of the aggregate of such sum and the amount representing the normal wear and tear of the conveyance, as, in the opinion of the <sup>52</sup>[Assessing Officer] can reasonably be attributed to the user by the assessee otherwise than wholly and exclusively in the performance of his duties.]

(d) the value of the benefit to the assessee resulting from the supply of gas, electric energy or water for his household consumption free of any charge shall be determined as the sum equal to the amount paid on that account by the employer to the agency supplying the gas, electric energy or water, but -

- (i) where such supply is made from resources owned by the employer without purchasing them from any other outside agency, the value therefor shall be taken as nil, and
- (ii) where the <sup>52</sup>[Assessing Officer] is satisfied that the gas, electric energy or water supply to any assessee are consumed also for the purposes of his official duties, the <sup>52</sup>[Assessing Officer] shall determine the value of the benefit to the assessee to be equal to the amount paid on that account by the employer to the agency supplying the gas, electric energy or water or  $6\frac{1}{4}$  percent of the salary of the assessee, whichever is lower.

(e) the value of the benefit to the assessee resulting from the provisions of free education facilities for any member of his household shall be determined as the sum equal to the amount of the expenditure incurred by the employer in that behalf, but where the educational institution itself is maintained and run by the employer for the benefit of

all his employees as a group, the value of the perquisite to the assessee shall be determined with reference to the reasonable cost of such education in a similar institution in or near the locality.

(f) the value of any benefit or amenity resulting from the provisions by any undertaking engaged in the carriage of passengers or goods to any employee of the undertaking or to members of his family or his dependent relatives of journey free of cost or at concessional fares, in any conveyance owned by the undertaking for the purpose of transport of passengers or goods shall be taken as nil.

<sup>53</sup>(g) the value of any benefit or amenity not included in the preceding clauses shall be determined on such basis and in such amount as <sup>54</sup>[Assessing Officer] considers fair and reasonable.

#### REFERENCES

1. 'B - Interest on securities' omitted by the Finance Act, 1988, w.e.f. 1.4.1989.
2. See Circular no.2(LVIII-32-D) of 1966 dated 21.2.1966, Circular no.293 dated 10.2.1981, Letter [F.no.45/118/66-ITJ] dated 21.8.1967, Circular no.309 dated 3.7.1981, Letter no.35/1/65-IT(B) dated 5.11.1965, Circular no.312 dated 31.8.1981 and Letter F.no.40/29/67-IT(A-1) dated 22.5.1967.
- 3-4. Restored to its original position by the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1.4.1989, deleting Explanation 2 earlier inserted by the Direct Tax Laws (Amendment) Act, 1987, with effect from the same date.
5. Substituted by the Finance Act, 1974, w.e.f. 1.4.1975.
6. Substituted for "in respect of expenditure incidental to the employment of the assessee" by the Finance (No.2) Act, 1980, w.e.f. 1.4.1981.
7. Substituted by the Finance Act, 1981, w.e.f. 1.4.1982.

8. Substituted for "a sum equal to 'thirty percent of the salary of ten thousand rupees, whichever is less" by the Finance Act, 1988, w.e.f. 1.4.1989.
9. Omitted by the Finance Act, 1989, w.e.f. 1.4.1990.
10. Inserted by the Taxation Laws (Amendment) Act, 1984, with retrospective effect from 1.4.1975 and numbered as Explanation 1 by the Finance Act, 1985, w.e.f. 1.4.1986.
11. "I" omitted by the Finance Act, 1989, w.e.f. 1.4.1990.
12. Omitted, Ibid.
13. Inserted by the Finance (No.2) Act, 1980, w.e.f. 1.4.1981.
14. Inserted by the Finance Act, 1989, w.e.f. 1.4.1990. Earlier, it was omitted by the Finance Act, 1974, w.e.f.1.4.1975.
15. Omitted by the Finance Act, 1974, w.e.f. 1.4.1975.
16. Omitted by the Finance Act, 1974, w.e.f. 1.4.1975.
17. CBDT has issued numerous circulars during the period from 1974 to date clarifying the various issues.
18. Inserted by the Taxation Laws (Amendment) Act, 1984, with retrospective effect from 1.4.1978.
19. See rule 3.
20. In terms of Section 10A of the Salaries and Allowances of Ministers Act, 1954/Salaries and Allowances of Officers of Parliament Act, 1953, and section 9A of the Salary and Allowances of Leaders of Opposition in Parliament Act, 1977, value of rent-free furnished residence (including maintenance thereof) provided to a minister/an officer of Parliament and a Leader of the Opposition is not to be included in the computation of his income chargeable to tax under the head "Salaries".
21. Substituted for 'under the head "Salaries", exclusive of the value of all benefits or amenities not provided for by way of monetary payment, exceeds eighteen thousand rupees', by the Finance Act, 1985, w.e.f. 1.4.1986.
22. Inserted by the Finance Act, 1989, w.e.f. 1.4.1990.
23. Inserted by the Labour Provident Fund Laws (Amendment) Act, 1976, w.e.f. 1.8.1976.

24. Sub-clause (vi) alongwith consequential amendments in sub-clauses (iv) and (v), omitted by the Finance Act, 1985, w.e.f. 1.4.1985. Original sub-clause was inserted by the Taxation Laws (Amendment) Act, 1984, w.e.f. 1.4.1985. Amendment thus never came into operation.
25. See also Letter F.no.35/26/64-IT(B) dated 25.5.1964.
26. Inserted by the Finance (no.2) Act, 1965, with retrospective effect from 1.4.1962.
27. Inserted by the Finance Act, 1975, w.e.f. 1.4.1976.
28. Substituted for "or clause (12)" by the Direct Taxes (Amendment) Act, 1964, w.e.f. 6.10.1984.
29. Inserted by the IT (Amdt.) Rules, 1985, w.e.f. 1.4.1965.
30. Substituted by the IT(Fourth Amdt.) Rules, 1986, w.e.f. 1.4.1987.
31. Omitted by the IT (Fourth Amdt.) Rules, 1986, w.e.f. 1.4.87.
32. Omitted by the IT(Fourth Amdt.) Rules, 1986, w.e.f. 1.4.87.
33. Substituted by the IT (First Amdt.) Rules, 1989, w.e.f. 1.4.1989.
34. Inserted by the IT (Fifth Amdt.) Rules, 1990, w.e.f. 1.4.89.
35. Inserted by the IT (Ninth Amdt.) Rules, 1989, w.e.f. 28.8.89.
36. See sections 17(2) and 295(2)(c).
37. Clause (a) substituted by the IT (Amdt.) Rules, 1974, w.e.f. 2.4.1974.
38. For clarifications, see Circular nos.130 dated 16.3.1974 and 150 dated 19.11.1974.
39. Sub-clause (i) of clause (a) substituted by the IT (Third Amdt.) Rules, 1974, w.e.f. 2.4.1974.
40. Substituted for "15 percent" by the IT (Fourth Amdt.) Rules, 1976, w.e.f. 2.4.1976.
41. Inserted by the IT (Third Amdt.) Rules, 1974, w.e.f. 2.4.1974.
42. Inserted, ibid.
43. Inserted by the IT (Eighth Amdt.) Rules, 1986, w.e.f. 1.4.87.
44. Substituted for "Income-tax Officer" by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 1.4.1988.

45. Substituted for "15 percent" by the IT (Fourth Amdt.) Rules, 1976, w.e.f. 2.4.1976.
46. In the case of rent-free accommodation provided to an employee at Bombay, Calcutta, Delhi and Madras, the perquisite value will be calculated by adding the excess over 60 percent of the salary to 10 percent of the salary. The addition in regard to other places in India would be with the excess over 50 percent vide Circular no.374 dated 14.12.1983.
47. Substituted for "Income-tax Officer" by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 1.4.1988.
48. Substituted for "Income-tax Officer", ibid.
49. Substituted for "15 percent" by the IT (Fourth Amdt.) Rules, 1976, w.e.f. 2.4.1976.
50. Substituted by the IT (Amdt.) Rules, 1974, w.e.f. 2.4.1974.
51. See CIT vs.Britannia Industries Co.Ltd., (1982) 135 ITR 35.
52. Substituted for "Income-tax Officer" by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 1.4.1988.
53. On the point of cost of benefit, the CBDT has issued several circulars.
54. Substituted for "Income-tax Officer", by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 1.4.1988.