

**CIRCULAR NO**

**2/2010, Dated: January 29, 2010**

**Sub:** Adjustment of "Advance Tax in respect of Fringe Benefits" for Assessment Year 2010-11 against "Advance Tax" – matter regarding.

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 115 W to 115 WL) of Income Tax Act, 1961. By the Finance (No. 2) Act, 2009 a new Section 115 WM was inserted to abolish the FBT with effect from Assessment Year (A.Y.) 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 installment of "advance tax paid in respect of fringe benefits" for A.Y. 2010-11 shall be treated as Advance Tax paid by assessee concerned for A.Y. 2010-11. The assessee can adjust such sum against its advance tax obligation in respect of income for A.Y. 2010-11 or in case of loss etc claim such payment as refund as advance tax paid in A.Y. 2010-11.

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

Hindi version to follow

**F. NO.385/05/2010-IT (B)**

**(Ansuman Pattnaik)**  
**Director (Budget)**