

Newsflash dated May 27, 2009

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#### » Government may do away with fringe benefit tax (FBT) in budget

As per the news article published on May 27, 2009 in the Economic Times, the Government is considering a proposal to do away with FBT in the coming Union budget. FBT was introduced in the 2005-06 Finance Bill and is levied on perquisites provided by the employer to the employee in addition to the regular salary. This is a tax paid by the employer on the benefits or perks that the employee receives and includes components like the employee's accommodation, entertainment, travel expenses and phone calls. Later ESOPs too were brought under the FBT umbrella.

There is a view that collections from this unpopular tax is too minuscule to worth all the paperwork involved and it has been opposed by the Corporate houses on account of adding to the tax burden.

[TOP]

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