

## ***Oct 31 last date to file FBT returns***

**HINDUSTAN TIMES  
Tax Matters/ S.P. Babuta  
Monday, October 16, 2006**

<p><b>FBT is an allowable deduction in the computation of book profit under Section 115 JB</b></p>
--

This year besides filing of income tax returns one more return viz., Fringe Benefit Tax return is required to be filed for the first time. Some of the common queries regarding the Fringe Benefit Tax would be dealt with in this article:

**Q1: What is the due date for filing of FBT return and what are the consequences of not filing return within due date, Who is liable to file the FBT return and in which form return is to be filed?**

Ans: Due date of filing FBT return for the Ass. Yr 2006-07 is 31<sup>st</sup> October.

Simple Interest @ 1% will be charged for every month delayed after the due date.

A penalty of Rs. 100 per day shall be charged for the period during which default continues. There are imprisonment provisions also.

All persons except Individual, HUF, trusts and Association claiming exemption u/s 10(23C) are to file FBT return.

FBT return is to be filed in Form No.3B

**Q2: Whether FBT is payable by an entity having retainer – relationship arrangement and no employees?**

Ans: An entity which does not have any employee on its rolls will not be liable to FBT. Therefore an entity having retainer relationship arrangement and no employees will not be liable to FBT.

**Q3: Whether there is any minimum exemption limit for the purpose of FBT?**

Ans: There is no threshold exemption limit in case of fringe benefits for any employer.

**Q4: Whether Fringe Benefit Tax is allowed as deduction in the hands of the employer?**

Ans: FBT is not allowed as deduction in the hands of the employer even though the employer seems to be burdened twice because first he pays and later he does not get the income tax benefit.

**Q5: Whether expenses of personal nature or identified as bogus disallowed u/s 37 of the Income tax act would also be liable to FBT?**

Ans: Personal/bogus/ disallowed expenses would not be liable to FBT.

**Q6: Whether FBT would be allowable as deduction while computing book profit u/s 115JB?**

Ans: Yes, FBT is an allowable deduction in the computation of book profit u/s 115 JB.

**Q7: Whether contribution of employer to gratuity fund or provident fund attract FBT?**

Ans: No, Contribution to approved gratuity or provident fund is not liable to FBT , Only contribution to superannuation fund is liable to FBT.

**Q8:Whether the Medical reimbursement upto Rs.15000 is liable to FBT?**

Ans: Medical reimbursement upto Rs. 15000/- is exempt in the hands of employee and does not form part of the salary . As this is not liable to tax in the hands of employee ,this will be liable to FBT. However medical reimbursement over Rs. 15000/-is taxable in the hands of employees so FBT is not applicable on reimbursement over Rs. 15000/-

**Q9: Whether the expenditure by way of Interest on loan taken for purchase of cars,Insurance of car and salary paid to driver of a motorcar is liable to FBT?**

Ans: Interest on loan taken for purchase of car ,Insurance of car and salary paid to driver of the car are expenses relating to repairs ,running and maintenance of cars . Accordingly such expenditure are liable to FBT.

**Q11: Will fringe benefit tax be payable by an employer based in Jammu & Kashmir?**

Ans: Fringe Benefit tax is an additional income tax which is required to be paid as per income tax act itself. Act does not provide any relaxation to employees based in Jammu & Kashmir. Therefore it would be paid by the employees based in Jammu & Kashmir.