


<h1 style="margin: 0;">IndiaBroadband<sup>2007</sup></h1> <p style="margin: 0;"><i>Linking India</i> </p>		
<p>CORPORATE OFFICE TAXATION SECTION 1<sup>ST</sup> FLOOR, BHARAT SANCHAR BHAWAN, JANPATH, NEW DELHI- 110001</p>		<p style="text-align: center;"><b>BHARAT SANCHAR NIGAM LIMITED</b> [A Government of India Enterprise]</p>

**No. 1001-06/2005/Taxation/BSNL/SAL-IT/ACC.PERQ/847      Dated: 27th Nov, 2007**

To,

**Heads of All Telecom Circles/ADG(R&P), C.O/Metro Districts/ Maintenance Region/ Project Circles/ Task Force/ Data Network/ NCES/ ALTTC/ BRBRAITT/ NATFM/ QA/ T&D/ Telecom Stores/ Telecom Factories/ CPAO (ITI Bills)/ TCO, Kolkata / IT Circle, Pune.**

**Sub: Valuation of Perquisite of Accommodation in respect of BSNL Employees in occupation of Staff Quarters for the purpose of Income Tax reg.**

Kindly refer to this office letter of even no. dated: 21/08/2007 wherein you were requested to calculate the amount of tax liability on perquisite for the past years (A.Y. 2002-03 to 2007-08) and await the detailed instructions in the matter.

In this regard guidelines had also been sought for from CBDT regarding recovery of Income Tax on perquisites of accommodation for the past years (Lt. No. 1001-06/2005/Taxation/Sal-IT/Acc.Perq/BSNL/Vol-II/718 dated 09/10/2007 enclosed herewith). As per clarification received, BSNL is bound to deduct TDS for the period before F.Y. 2006-07. Also since the amendment has been brought about in mid-2007, it can be said that liability to deduct tax on perquisites of accommodation in respect of prior years, arises only in the current financial year and therefore can together be treated as "Arrears" for current financial year 2007-08 and tax to be deducted thereon based on computation and relief u/s 89(1) may be provided. Quarterly and annual returns to be filed and Form-16 may be issued accordingly. The CBDT has agreed to the same and replied that tax for the period 2001-02 to 2006-07 can be deducted on arrears & relief u/s89(1) can be provided.

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Hence Income Tax on arrears of perquisites of accommodation may be deducted from the salary of concerned employees and deposited to the Income Tax Department. Any further delay in deposit may result in demand of interest from the department. In some cases Income Tax on arrears of perquisites of accommodation of all the past years taken together for individual employees may exceed monthly salary payable to the employees. In these cases employees may deposit the tax in cash in BSNL. However, if the employee gives an undertaking in writing that the Income Tax may be recovered in instalments from his salary then BSNL may pay the Income tax upfront on behalf of the concerned employees for the past years. The amount of tax liability may be recovered in suitable instalments from the salary of the employees by March-2008. DDOs may stop recovery of other recoveries/advances as per existing rules to facilitate employees, if necessary.

Relief U/s 89(1) of the Income Tax Act-1961 may be provided and Form-16 for the current year may be issued accordingly.

We have also received queries from several circle units seeking clarifications surrounding the issue on the following points:

1. Whether Income tax on value of the perquisite of accommodation is applicable to employees not absorbed in BSNL being on Deputation/Deemed Deputation basis and residing in accommodation owned and/or provided by BSNL.
2. Whether Income Tax on value of perquisites of accommodation is applicable to absorbed BSNL employees residing in accommodation owned or provided by central/state Govt. or Central Pool.
3. Whether Income Tax on value of perquisite of accommodation is applicable to unabsorbed govt. employee working in BSNL on deemed deputation basis and residing in accommodation owned and /or provided by Central/State Govt. or Central Pool.

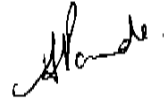
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For the clarification of the aforesaid points a copy of letter no.275/67/2007-IT (B) dated: 12<sup>th</sup> November, 2007 from CBDT is forwarded.( Para No. III,IV,V,VI of the letter may kindly be seen).

As this is a matter of serious concern involving statutory responsibility you are requested to ensure that payment of tax for the previous years is made by 31/12/2007 to Income Tax Department & positively reflected in the TDS returns to be submitted by 15/01/2008 and matter reported to the Corporate Office by the last week of January-2008.

Encl: As above



**A. Panda**

**DDG (Taxation)**