

Amendment of Rule for determination of value of perquisite in respect of residential accommodation provided by employer

CBDT has amended Rule 3 of the Income Tax Rules for determination of value of perquisite in respect of residential accommodation provided by employer (other than Government). The notification dated 18th August 2023 shall be applicable with effect from 1st September 2023.

The categorization and the limits of cities and population have now been based on the 2011 census as against the 2001 census earlier. Perquisite rate in terms of percentage of salary has also been lowered.

Existing Categories and Rates		Amended Categories and Rates	
Population as per 2001 census	Perquisite rate as a % of salary	Population as per 2011 census	Perquisite rate as a % of salary
Less than 10 lakh	7.5%	Less than 15 lakh	5%
Between 10-25 lakh	10%	Between 15-40 lakh	7.5%
More than 25 lakh	15%	More than 40 lakh	10%

This Rule has also been further rationalized so as to compute a fair tax implication of the same accommodation being occupied by an employee for more than one previous year. Where the accommodation is owned by the employer and the same accommodation is continued to be provided to the same employee for more than one previous year, the amount calculated in accordance with above shall not exceed the amount so calculated for the first previous year, as multiplied by the amount which is a ratio of the Cost Inflation Index (notified under Section 48) for the previous year for which the amount is calculated and the Cost Inflation Index for the previous year in which the accommodation was initially provided to the employee.

Where the accommodation is taken on lease or rent by the employer. The perquisite shall be actual amount of lease rental paid or payable by the employer or 10% of salary, whichever is lower, as reduced by the rent, if any, actually paid by the employee. Prior to this amendment, the percentage of salary was 15%.

<https://incometaxindia.gov.in/communications/notification/notification-65-2023.pdf>

Challan Correction Facility

Income Tax Department has provided a new functionality for Challan Correction at the e-filing portal.

After login to the portal, the path is Dashboard > Services > Challan Correction

Challan pertaining to A.Y. 2020-21 onwards only is available for correction currently through this portal. For challan correction pertaining to previous years, one is required to approach Jurisdictional Assessing Officer.

Correction can be made for:

- Change in Assessment Year
- Change in Tax Applicable (Major Head)

Change in Type of Payment (Minor Head) - For minor heads 100 (Advance Tax), 300 (Self-Assessment Tax) and 400 (Demand Payment as Regular Assessment Tax) only. For other minor heads, one is required to approach Jurisdictional Assessing Officer.

The screenshot shows the 'Create Correction Request' page in the Income Tax e-filing portal. At the top, a breadcrumb trail reads: Dashboard > Services > Challan Correction > Create Correction Request. Below this is a four-step process flow: 1. Selection of Attributes for correction in Challan, 2. Identification of challan, 3. Update Detail for Correction, and 4. Challan Correction Request Verified and Submitted. The first step is active. The main form area is titled 'Select attributes for correction in challan'. It contains a note: 'Note: Challan pertaining to A.Y. 2020-21 onwards only is available for correction currently through this portal. Kindly approach Jurisdictional Assessing Officer for challan correction pertaining to previous years.' Below the note are three checkboxes, each highlighted with a yellow box: ☐ Change in Assessment Year (A.Y.), ☐ Change in Tax Applicable (Major Head), and ☐ Change in Type of Payment (Minor Head). Another note at the bottom states: 'Note: Challan Correction request can be submitted only for Minor Heads 100 (Advance Tax), 300 (Self-Assessment Tax) and 400 (Demand Payment as Regular Assessment Tax) and for their corresponding Major Heads through e-Filing portal. Please submit challan correction request to your Jurisdictional Assessing Officer for Minor Heads other than 100, 300 and 400.' At the bottom left is a '< Back' button, and at the bottom right is a 'Continue >' button next to a user profile icon.

Non availability of exemption under Section 10(10D) in respect of Life Insurance Policies in certain cases & manner of computation of income thereof

The Finance Act 2023 amended Section 10(10D) providing the following:

- (i) with effect from assessment year 2024-25, the sum received under a life insurance policy, other than a unit linked insurance policy, issued on or after the 01.04.2023, shall not be exempt under Section 10(10D) if the amount of premium payable for any of the previous years during the term of such policy exceeds Rs 5,00,000;
- (ii) if premium is payable for more than one life insurance policy, other than a unit linked insurance policy, issued on or after 01.04.2023, the exemption under Section 10(10D) shall be available only with respect to such policies where the aggregate premium does not exceed Rs 5,00,000 for any of the previous years during the term of any of those policies;
- (iii) These amendments shall not apply in case of any sum received on the death of a person.

CBDT has also issued a detailed guideline proving therein various examples in respect of taxability / exemption of proceeds from Life Insurance Policies. The link to the guideline is <https://incometaxindia.gov.in/communications/circular/circular-15-2023.pdf>.

In accordance with amendment in Section 10(10D), amount so received which is not exempted by virtue of the above, is liable to tax under Section 56(2)(xiii) to the extent of the sum so received minus the aggregate of the premium paid during the policy period. However, premium which has been claimed as deduction under any other provision of this Act shall not be allowed to be deducted. By way of notification dated 16.08.2023, CBDT has notified Rule 11UACA prescribing the manner of computation of such income.

<https://incometaxindia.gov.in/communications/notification/notification-61-2023.pdf>