



एयरपोर्ट्स अथारिटी एम्पलाइज यूनियन
Airports Authority Employees' Union
(Regd. No. 3515 & Recognised)



All India President : Com. S.R. SANTHANAM, Ph. (R) (040) 27768269, (O) 27902721, (M) 09490681924
General Secretary : Com. BALRAJ SINGH AHLAWAT, (O) 24619274, (M) 09871717521

AAEU/Misc/I.Tax/2021/

Date: 27.09.2021

To

The Chairman

Airports Authority of India
Rajiv Gandhi Bhavan
Safdarjung Airport,
New Delhi-110023.

**Sub. : Perquisite tax on accommodation – Treatment of Perquisites on Quarters
– Reg.**

Sir,

This union has been consistently taking up the matter with AAI, CHQ management for the last few years regarding Perquisite Tax on accommodation provided by AAI to its employees, quoting the provisions of Income tax ruling under section 17(2) (ii) of Act.

To our utter dismay till date the AAI management has not come out with clear interpretation on the subject matter, whereas AAI management to continue to add perquisite on accommodation to the salary for the purpose calculating income tax, in contrary to the provisions of the Income tax rulings, thereby causing huge loss to the Employee as well as to the AAI as 50% of average tax is being paid by the AAI on behalf of employee.

In this connection, a detailed letter was already issued by this union vide letter No. AAEU/CHQ/Misc/2019 dated 28.06.2019, (copy enclosed) making reference to the clarification issued by Income tax Authorities viz., Office of the Principle Chief Commissioner of Income tax vide F. No. ITO/PR/CLFN/2016-17, dated 21.02.2017, Karnataka & Goa Region wherein it was clarified that the value of perquisites for residential accommodation is determined as :

- (i) The value of rent – free accommodation provided to the employees by his employer (u/s 17(2)(i)
- (ii) The value of any concession in rent in respect of any accommodation provided to the employee by his employer us 17(2)(ii).

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Balraj Singh Ahlawat



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(2)

Vide above communication it has been further clarified that “ **no perquisites on accommodation need to be added to the salary of the employees for the purpose of calculating income tax on those who are staying in quarters provided by the employer after paying standard rent fixed by the employer and HRA not being drawn by them.**

In reply to the above, it was intimated by AAI, CHQ management vide letter ref. No. A.60011/01/Misc/2019-IR/3720 dated 15.11.2019 that clarification issued by Pr. CCIT, Karnataka & Goa Region, cannot be adopted by AAI without CBDT order / circular and accordingly, the same is not enforceable in AAI, which appears to be unethical, as none of the Income tax authorities would give their own ruling and the clarifications were issued only based on CBDT guidelines

This union would once again like to draw your kind attention to the provisions of the Income tax act clause 17(2)(ii) which speaks about the rent free accommodation provided to the employees, i.e. Perquisite tax on accommodation is applicable only in respect of the rent free accommodation provided by the employer, which has been further emphasized vide para 5.2.2 of CBDT order 04/2020 dated 16th January 2020, it is clearly stated that Perquisites includes “ (I) The value of rent free accommodation provided to the employee by his employer (II) the value of any concession in the matter of rent in respect of any accommodation provided to the employee by his employer.

While on the subject, it is worthwhile to mention that, Office of The Assistant Commissioner of Income Tax Circle 75(1) of New Delhi has issued a clarification vide letter No. F.No.ACIT/Circle 75(1)/Clarification/2021-22, dated 15.09.2021 addressed to M/s. Mahanagar Telecom Nigam Limited, New Delhi (Copy enclosed), wherein it is clarified as follows :-

“ Since the company has not provided the quarters to their employees at rent free or at concessional rate basis as per section 17(2) of the Income Tax Act and is deducting standard rent from their salary and no HRA is being paid , it is informed that no perquisites on accommodation need to be added to the salary of employees for the purpose of calculating income tax on those who are staying in quarters provided by the company after paying standard rent fixed by the company and HRA not being drawn by them “

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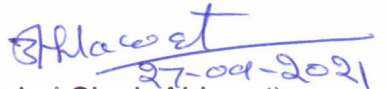


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(3)

In view of the foregoing submissions, this union once again earnestly request your good office to look into the matter and to review the case of Perquisite Tax on accommodation and the benefit as provided under the Income tax act be extended to the employees of AAI, so as to avoid unwanted expenditure to AAI as well as to AAI employees on additional tax.

Thanking you,


27-04-2021
(Balraj Singh Ahlawat)
General Secretary