

तार : 'फूडकोर्प'
Gram : 'FOODCORP'
फैक्स नं.: एचएफसीआई एन डी
Fax No.: HFCI ND

भारतीय
खाद्य
निगम



FOOD
CORPORATION
OF INDIA

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It has come to the notice that tax provisions related to medical reimbursement are not being uniformly followed in field offices. It is pertinent to mention here that medical benefits to employees are treated as perquisite for the purpose of income tax applicability and comes under the head of income from salaries. Under section 17(2) exemption is available for:-

Section	Medical Benefits exempted	Clarification
Clause (i) of proviso to section 17(2)	The value of any medical treatment provided to an employee or any member of his family in any hospital maintained by employer	This proviso is applicable to the extent of medical treatment provided in the clinic/ dispensary maintained by corporation. Further, it is clarified that in any case, it will not include the expenses reimbursed to employees, even though incurred on the prescription of Medical officers of the corporation.
Clause (ii) of proviso to section 17 (2)	"Any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family- (a) In any hospital maintained by the Government or any local authority or any other hospital approved by the Government for the purpose of medical treatment of its employees; (b) In respect of the prescribed diseases or ailments , in any hospital approved by the Principle Chief Commissioner or Chief	For reimbursement to either hospital or the employee. Medical reimbursement for treatment taken from hospital mentioned under this section will not be taxable. But there may be a case, when hospital is empaneled by FCI, but is not maintained by Govt. or approved under CGHS scheme. Then exemption will not be available under this section. If hospital is approved by Chief Commissioner, then exemption will be available for only prescribed diseases as provided in rule 3A(2). So 1) If a private hospital is empaneled by FCI, then as per FCI empanelment

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	Commissioner having regard to the prescribed guidelines: “	conditions, it has to submit the exemption certificate from Chief Commissioner under section 17(2) (ii) (b), so in this case, medical reimbursement will be exempted only for prescribed diseases. 2) If a private hospital is not approved by Chief Commissioner. Then medical reimbursement will not be exempted for any disease.
Clause (v) of proviso to section 17(2)	Any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family other than the treatment referred to in clauses (i) and (ii); so, however, that such sum does not exceed fifteen thousand rupees in the previous year;	Medical reimbursement in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family other than the treatment referred to in clauses (i) and (ii) are not taxable upto Rs. 15000 per annum.

Above provisions may be followed strictly.

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