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

भारतीय  
 खाद्य  
 निगम



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No. FCI HQ-FIN.011(11)/2/2022-FINANCE  
 Date

Dated: Approved

**TAXATION CELL**  
**CIRCULAR NO. 04/2023**

Reference is drawn towards Circular no. 02/2023 dated 27.04.2023 vide which amendments in Income Tax Act brought out by Finance Act, 2023 were circulated. One of the amendment was in Section 17 (2) of the Income-tax Act w.r.t. calculation of "perquisite" with regard to the value of rent-free or concessional accommodation provided to an employee, by his employer. Also refer Circular No. 01/2021 dated 04.02.2021 vide which calculation of perquisite on account of use of guest house by FCI employees as an accommodation, under Rule 3(1) of Income Tax Rules, 1962 was circulated.

Now, with respect to above, **CBDT vide Notification no. 65/2023/F. No. 370142/21/2023-TPL Part (1) dated 18.08.2023** (copy enclosed) has modified Rule 3 of Income Tax Rules 1962 to provide for the same.

In the abovementioned notification, amendment has been made with regard to population categorization and perquisites rates. The categorization and the limits of cities and population have now been based on the 2011 census as against the 2001 census earlier. Also, the earlier perquisite rates of 15%, 10% and 7.5% of the salary have now been reduced to 10%, 7.5% and 5% of the salary respectively in the amended Rule.

Accordingly, the value of residential accommodation provided by the employer i.e. FCI, for the purpose of sub-clauses (i) and (ii) of sub-section (2) of section 17, during the previous year shall be determined on the basis provided in the table I given below:

S No.	Circumstances	Where accommodation is unfurnished	Where accommodation is furnished
(1)	(2)	(3)	(4)
(1)	Where the accommodation (including Guest House) is owned by employer i.e. FCI, or	(i) 10% of salary in cities having population exceeding 40 lakhs as per 2011 census; (ii) 7.5% of salary in cities having population exceeding 15 lakhs but not exceeding 40 lakhs as per 2011 census; (iii) 5% of salary in other areas, in respect of the period during which the said accommodation was occupied by the employee	The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, by the actual hire charges payable for the same as reduced by any

		during the previous year as reduced by the rent, if any, actually paid by the employee.	charges paid or payable for the same by the employee during the previous year.
(2)	Where the accommodation (including Guest House) is taken on lease or rent by the employer i.e. FCI	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.	The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, by the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year.
(3)	Where the accommodation is provided by the employer i.e. FCI in a hotel (except where the employee is provided such accommodation for a period not exceeding in aggregate fifteen days on his transfer from one place to another).	Not applicable	24% of salary paid or payable for the previous year or the actual charges paid or payable to such hotel, which is lower, for the period during which such accommodation is provided as reduced by the rent, if any, actually paid or payable by the employee.

Further it is clarified that:

- i. For the purposes of the above, where the accommodation is provided by the Central Government or any State Government to an employee who is serving on deputation with any body or undertaking under the control of such Government, -
  - (a) the employer of such an employee shall be deemed to be that body or undertaking where the employee is serving on deputation; and
  - (b) the value of perquisite of such an accommodation shall be the amount calculated in accordance with S. No. (1) of the Table, as if the accommodation is owned by the employer
- ii. where on account of his transfer from one place to another, the employee is provided with accommodation at the new place of posting while retaining the accommodation at the other place, the value of perquisite shall be determined with reference to only one such accommodation which has the lower value with reference to the Table above for a

period not exceeding ninety days and thereafter the value of perquisite shall be charged for both such accommodations in accordance with the Table.

- iii. The population of the city where the accommodation is situated will be the guiding factor to work out the value of perquisite.
- iv. Also where the accommodation is owned by the FCI 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 S No. (1) or (2) 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 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.
- v. For the purpose of point (iv) above: -
  - (a) "Cost Inflation Index" means the index notified by the Central Government in Official Gazette under clause (v) of Explanation to section 48;
  - (b) "first previous year" means the previous year 2023-2024, or the previous year in which the accommodation was provided to the employee, whichever is later.;

Above amendments will take effect from 1st September 2023 and will, accordingly, apply in relation to the assessment year 2024-25 and subsequent years.

This is for your information and necessary compliance please.

Hindi version of this circular will follow.

**Encl: As above**

**(Amit Kumar Pathak)**  
**General Manager (Finance)**

**Distribution: -**

1. All ED (Zones), FCI, Z.O. (North/South/East/West/North-East);
2. All GM (Region), FCI/ DGM (Region), Manipur;
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10. PS to CMD, FCI, Headquarters, New Delhi;
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