FRINGE BENEFITS [SECTION 2(23B)]

Chapter XII-H relates to income-tax on fringe benefits. This tax is payable by the employer in addition to income-tax. 'Employer' for fringe benefits means a company, firm, an AOP or a BOI, whether incorporated or not, local authority and every other artificial juridical person. However, the following persons shall not be deemed to be an employer for the purpose of Chapter XIIH-

(1) Any person eligible for exemption under section 10(23C) or registered under section 12AA.

(2) A political party registered under section 29A of the Representation of the People Act, 1951.

As per section 2(23B), fringe benefits means any fringe benefits referred to under section 115WB.
According to section 115WB, "Fringe benefits" means benefits, or any consideration for employment provided by way of –
(a) Any privilege, service, facility or amenity, directly or indirectly, provided by an employer, whether by way of reimbursement or otherwise, to his employees (including former employee or employees) by reason of their employment.
(b) Any free or concessional ticket provided by the employer for private journeys of the employees or their family members; and
(c) Any contribution by the employer to an approved superannuation fund for employees. However, contributions by an employer to an approved superannuation fund up to Rs.1 lakh per employee would be exempt from levy of FBT. It may be noted that if the employer's contribution is more than Rs.1 lakh per employee in a year, only the contribution in excess of Rs.1 lakh would be subject to FBT.
(d) Any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at a concessional rate to his employees (including former employee or employees).

In addition, fringe benefits would be deemed to have been provided if the employer has, in the course of his business or profession, incurred any expense on, or made any payment for the following purposes mentioned below -
(A) Entertainment

(B) Provision of hospitality of every kind by the employer to any person. However, the following are not includible –

(i) Any expenditure on, or payment for, food or beverages provided by the employer to his employees in office or factory;

(ii) Any expenditure on or payment through paid vouchers which are not transferable and usable only at eating joints or outlets.

(C) Conference (other than fee for participation by the employees in any conference)

(D) Sales promotion including publicity (excluding certain specified advertisement expenditure)

(E) Employees' welfare

(F) Conveyance

(G) Use of hotel, boarding and lodging facilities

(H) Repair, running (including fuel) and maintenance of motorcars and the amount of depreciation thereon.

(I) Repair, running (including fuel) and maintenance of aircrafts and the amount of depreciation thereon

(J) Use of telephone (including mobile phone) other than expenditure on leased telephone lines

(K) Maintenance of any accommodation in the nature of guest house other than accommodation used for training purposes

(L) Festival celebrations

(M) Use of health club, sports and similar facilities

(N) Use of any other club facilities

(O) Gifts and

(P) Scholarships

(Q) Tour and travel (including foreign travel).