

KALPESH CLASSES
FBT SOLUTION TO PROB NO. 1

Descruption	Amount	FB Rate	FB Value
Entertainment	6,000.00	20%	1,200.00
			-
Hospitality	40,000.00	20%	8,000.00
(Food etc provided to employees at office would not be liable for FBT)			-
(Food etc provided to clients and partners is not to employees so liable for FBT)			
Conference	70,000.00	20%	14,000.00
(Where break up of fees paid and travel is not available it would be liable for			-
Sales Promotion		20%	-
			-
Employees welfare	35,000.00	20%	7,000.00
(Books for the employess would be considered as employee welfare)			-
(Contribution to welfare fund is not liable for FBT)			
Conveyance	1,50,000.00	20%	30,000.00
(Since separate head is provided for motor car, it is taxable under that head.)			-
Hotel Lodging and boarding	50,000.00	20%	10,000.00
			-
Motor car	3,65,000.00	20%	73,000.00
(Out of conveyance expense on motor cars is classified as expense on cars. 15			-
(depreciation on car is taxable 195,000)			
(CBDT circular states that interest on loan for CAR is liable for FBT. 20,000)			
air crafts			-
			-
Telephone	1,00,000.00	20%	20,000.00
(CBDT Circular clarifies that no need to classify whethere the expense is dire			-
Guest House			-
			-
Festival	2,000.00	50%	1,000.00
(Gifts to employee is taken under the head GIFTs)			-
(Expense on Independence day and Republic day is not liable for FBT.)			
(Establishment day function is classified as Entertainment expense)			
Health Club			-

			-
Other club			-
			-
gifts	5,000.00	50%	2,500.00
			-
Scholarships	20,000.00	50%	10,000.00
CBDT circular clarifies that expense on employees or somebody else would b			-
Tour and Travel	1,90,000.00	5%	9,500.00
(as per CBDT circular since the expense is booked by the assessee it would b			-
(Amount recovered from employees is not liable for FBT)			-
	10,33,000.00		1,86,200.00
Tax Rate / Liability	0.3366		62,674.92