



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Indian Companies Act, 1956)

Registered Office : Vidyuthi Bhavanam, Pattom,

Thiruvananthapuram – 695 004, Kerala

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Abstract

Staff Taxability of accommodation provided by KSEBL – committee constituted – Sanctioned – Orders issued.

CORPORATE OFFICE (FINANCE WING)

B.O. (FTD) No.551/2017 (FA/Tax Cell/IT/2016-17) Thiruvananthapuram, Dated:04/03/2017

- Read: 1. B.O (DF) 2451/2016 (File No. FA/Tax Cell/General/2016-17) dt 19-08-2016
2. Circular No. FA/Tax Cell/IT/2016-17 dt 17/01/2017.
3. Note No. AB3/Income Tax on rent of Quarters/2016-17 of CE (HRM).

ORDER

Kerala State Electricity Board Limited vide Board Order referred 1st above and Circular referred 2nd above ordered all Account Rendering Units/Offices to recover and remit the Income tax pertaining to rent free accommodation provided to the officers/workmen residing at various quarters of KSEB Limited, as per the provisions of Income Tax Act 1961 and the Rules made there under.

2) Director (Generation – Civil & HRM) intimated that the quarters given in the project sites are provided for the smooth operation and maintenance of power house/substations. Unless we provide non-taxable quarters at these stations, officers will not halt at this stations, and recommended to waive the clause by avoiding the rent now collected in these quarters.

3) The possibilities to avoid Income Tax on official accommodation provided to the operation and maintenance staff/officers inevitable for the smooth operation of the Generating Stations/Transmission substations are explored. The issue was taken up with M/s Varma & Varma, Chartered Accountants, Tax Consultants of KSEB Limited for a clarification on the same.

4) The tax consultants opined that, if the terms and conditions of the employment letter does not provide for free accommodation and separate office circular is issued, directing the officials in charge to reside/be available in the premises of office in the limited space/facilities available which cannot be construed as rent free accommodation going by the nature of facilities provided and the emergency nature of the job, it may be possible to take a stand that official accommodation is not provided as per terms of employment. But the nature and quality of accommodation including the facilities/amenities provided should be minimum/marginal on facts of the case for the above claim to stand the scrutiny of law. This aspect needs to be closely guarded/ensured, so as to make sure that this does not in any way amount to wilful avoidance of tax on facts of the case, considering the benefits conferred/extended.

5) In KSEB Ltd, the terms of appointment does not provide for free accommodation. Chief Engineer (HRM) intimated that the quarters are provided to the operating and maintenance staff of KSEB Limited working at generation, transmission and distribution wings as 24 hours vigilance and monitoring are required at the installations and is being provided only at the interest of the Board.

8) Having considered the matter in detail, the Board had decided that:

- 1) A three member committee consisting of Director (Generation), Director (Transmission) and Director (Distribution) may be constituted to examine the issue and suggest appropriate action. The committee will place the suggestions before the Full Board on 03-04-2017.
- 2) In the meantime, there shall be no deduction of tax, from the salary of employees in this regard.

By Order of the Full Time Directors
Sd/-

Rajthilakan. M.G
Secretary (Administration)

To

Director (Generation), Director (Transmission) & Director (Distribution)
Financial Adviser
All ARU Officers.

Copy to:

The Chief Internal Auditor,
TA to Chairman & Managing Director / Director (Distribution & Safety) / Director
(Transmission & System Operation) / Director (Generation & HRM) / Director
(Corporate Planning & Supply Chain Management)
PA to Director (Finance) /Secretary (Administration)
The Chief Engineer (IT) by E-mail.
EDP Section / FC Supdt. / Stock File

Forwarded / By Order

Finance Officer