



# Tax exemption - non-monetary perquisites



## Section 10(10CC)

As per Section 10(10CC) of the Income-tax Act, 1961, any tax borne by employers on a non-monetary benefit like stocks allotted to employees, employer provided accommodation (rentals directly paid by employer), is exempt from tax in the hands of employees. Such tax is not eligible for corporate tax deduction.



## Increase in personal tax rate

There is a substantial increase in tax rate for individuals. The maximum marginal tax rate for income above INR20 million (= USD 267K approx.) has risen to 39 per cent from 35.88 per cent resulting into a grossed up tax rate of 63.93 per cent. Similarly, for income above INR50 million (= USD 667K approx.), the maximum marginal tax rate is now 42.74 per cent from 35.88 per cent resulting into a grossed up tax rate of 74.65 per cent.



## Reduction in corporate tax rates

Substantial reduction in corporate tax rates recently for domestic companies to 17.16 per cent and 25.17 per cent depending on the nature of business.



## Advantage Section 10(10CC)

In view of the above and other recent changes in allied laws, it is important for employers to evaluate the cost arbitrage and avail benefits of Section 10(10CC) to save cost.

## Why KPMG in India

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