



Synopsis of the Revised Circular on Non-Cash Benefits

February 2023

Tax Alert

Significant points to observe with regard to the revised Circular No. SEC/2022/E/05 (Revised) dated 07.02.2023, issued by the Department of Inland Revenue in relation to Employment Benefit Valuation

- Public sector employees - Have been provided significant relief in relation to transport facilities, accommodation and communication facilities.
- Some revisions benefit both private and government sector employees.
- The tabulation herein may assist the navigation of the revised rules pertaining to the Employment Benefit Valuation Circular dated 07.02.2023, including whether there is an addition/ change compared to the previous Circular (status).

Type	Description	Benefit Valuation	Status (Revised/ New/No change)
A C C O M M O D A T I O N	❖ Value of benefits from any residence provided by the Employer	<ul style="list-style-type: none"> Rated area- 12.5% of the monthly salary Unrated area- 10% of the monthly salary Estate bungalows- 7.5% of the monthly salary 	Revised
	❖ Monthly allowances connected to accommodation	Actual reimbursement or the allowance paid by the employer	No Change
T R A N S P O R T	❖ Motor vehicle provided by the employer	Irrespective of the engine capacity for each month <ul style="list-style-type: none"> Vehicle- Rs.20,000 Driver- Rs.10,000 Fuel- Rs.20,000 	Revised
	❖ Entitlement for vehicle benefits under any Circular, Directive or Regulation issued in that behalf by the Government	25% of the cost incurred by the employer	Newly introduced
	❖ Entitlement for fuel under any Circular, Directive or Regulation issued in that behalf by the Government	25% of the fuel quantity for which the employee is entitled	Newly introduced
	❖ Rules pertaining to motor bicycles, multiple vehicles, maintaining of records for mileage usage of motor vehicles, deduction from the salary on account of transport benefits	Details of the value of benefit are set out in the Circular	Revised
LOANS	Loans by the employer on concessionary interest rates	Value of benefit is 0% of the cost	Revised

Type	Description	Benefit Valuation	Status (Revised/ New/ No change)
COMMUNICATION	Entitlement for payments for communication facilities under any Circular, Directive or Regulation issued in that behalf by the Government	25% of the cost incurred by the employer	Newly introduced
SHARES	Value of company shares awarded by the employer	The formula for "value of benefit" remains unchanged	No Change

Other Non-cash benefits

The valuation of the following Non-cash benefits remain unchanged from the previous Circular.

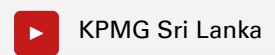
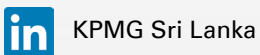
	Nature of Non-Cash Benefit for Employee	Amount of Non-Cash Benefit
(a)	Provision of Hotel Facilities for expatriates	100% of the cost
(b)	Provision of Electricity and Gas etc.	100% of the cost
(c)	Provision of Medical Benefits	100% of such medical bills
(d)	Provision of free meals	100% of the cost
(e)	A discharge or reimbursement of the person's dental, medical or health insurance expenses where the benefit is not available to all full-time employees on in the same grade of the service, on equal terms	100% of the cost
(f)	Payment of telephone bills	50% of the cost
(g)	Air tickets (other than official purposes)	100% of the cost
(h)	Payment of Tax	Amount of Tax paid

The circular states that if an employee's non-cash benefit was calculated for the month beginning January 1, 2023, in a manner not in accordance with the revised attached circular, the difference in the APIT deduction should be adjusted in the succeeding months.

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