



දේශීය ආදායම් දෙපාර්තමේන්තුව உள்ளநாட்டு இறைவரித் திணைக்களம் INLAND REVENUE DEPARTMENT

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SEC/2023/E/02

06.04.2023

QUANTIFICATION OF CERTAIN AMOUNTS FOR BENEFITS IN CALCULATING EMPLOYMENT INCOME

This circular is issued on the instructions of the Secretary to the Treasury by the letter dated 07.02.2023 under the reference No. FP/R/01/05/07/05-2023 with the approval of the Minister of Finance, Economic Stabilization and National Policies, with respect to quantification of gains and profits from an employment of an employee, and on the changes approved by the Director General - Department of Fiscal Policy on behalf of the Secretary to the Treasury, by his letter dated 30.03.2023 under the reference No. FP/01/01/05/09-2022.

This circular is effective from April, 1, 2023.

In calculating an employee's gains and profits from an employment for any month commencing from April 01, 2023, the amounts to be included as benefits received or derived by such employee from the employment are specified as below by the Commissioner General of Inland Revenue (CGIR) in terms of the provisions of the Inland Revenue Act, No. 24 of 2017.

1. *Value of company shares awarded by employer*

"Value" of any benefit accruing to any employee of an employer, from the allotment of any share or awarding an option to acquire any share, to such employee means: the excess, if any, of the market value of such share at the time allotted under an employee share scheme, reduced by the employee's contribution for the shares as the case may be.

2. *Value of benefits from any residence provided by the employer*

- (a) Value of benefit for any place of residence provided by the employer, in respective situations, should be the amounts specified as follows;

Description	Specified Amounts for the Relevant Month		
	In Rated area where the rates are collected by local authorities	In Unrated area where the rates are not collected by local authorities	Estate Bungalows
The Residence (furnished/un-furnished) is provided by the employer	12.5% of salary of the respective employee for the relevant month	10 % of salary of the respective employee for the relevant month	7.5% of salary of the respective employee for the relevant month

For the purpose of this Circular, “**salary**” means the amount required to be considered for the deduction of Widows’ and Orphans’ Pension Scheme (W&OP) or Provident Fund. For other cases, “salary” means gains and profits from employment received in Cash (gross) to such employee from relevant employment.

- (b) Where the value specified in 2 (a) above exceeds the cost incurred by the employer or market value of the place of residence, then, the value whichever is lower, shall be the value of benefit of such employee for such purpose.
 - (c) Where the employer reimburses any expense incurred by the employee or pays any amount to the employee, as a monthly allowance, connected with a house or an apartment occupied by the employee, the value of benefit shall be the actual expense reimbursed or the allowance paid by the employer.
 - (d) If any amount is deducted from the employee’s salary for providing a place of residence or by way of rent, the employment benefit should be the benefit specified under 2 (a), (b) or (c) above less the amount deducted from the employee’s salary.
3. ***Quantification of the value of the benefit included in the travelling, transport or related facilities provided by the employer***

The value of the benefit, from the provision of motor vehicle partly used for private use or the aggregate of any allowance [for paragraph (b) and (c) below] paid in lieu of the provision of such vehicle, is quantified as follows.

- (a) The value of benefit from the private use (partly) of any motor vehicle provided by the employer

Type of the Vehicle	Specified Amount for the Relevant Month (Rs.)		
	Vehicle	Driver	Fuel
Any Vehicle	20,000	10,000	20,000

- (b) The value of the benefit shall be 25% of the cost incurred by the employer, for the payment of any amount to the employee for using a vehicle owned or rented by that employee, where such employer should provide a vehicle or pay an amount in lieu of providing a vehicle for official use (fully or partly) to that employee, under any Circular, Directive or Regulation issued in that behalf by the Government.
- (c) where any employee is required to be provided with a vehicle for official use (fully or partly) and entitled to a payment for fuel under any Circular, Directive or Regulation issued in that behalf by the Government, such part of the cost incurred by the employer as attributable to 25% of the fuel quantity for which the employee is entitled under such Circular, Directive or Regulation, shall be the value of the benefit to be included.
- (d) The value of benefit shall be quantified as provided under paragraphs 3 (a) above in respect of only one vehicle from the primary employment and/or secondary employment as the case may be.
- (e) Where an employee is provided fuel for more than one vehicle, the paragraph 3 (c) is applied only for one vehicle from the primary employment and/or secondary employment as the case may be.
- (f) The aggregate of the cost incurred by the employer/employers for vehicle and fuel of all additional vehicles shall be the value of benefit to be included. If the cost of such additional vehicle/s is not ascertainable, market value of the monthly operating lease payment for similar type of a vehicle [including same or approximately same capacity vehicle in Cubic Centimeters (CC)] should be the value of such benefit for a month.
- (g) The value of benefit to an employee from private use of any motor bicycle (fully or partly) –
 - i. provided by the employer with fuel on such employer's account, amount of such non cash benefit shall be Rs. 5,000 per month, (irrespective of the engine capacity);
 - ii. provided by the employer without fuel, amount of such non cash benefit shall be Rs. 3,000 per month, (irrespective of the engine capacity).
- (h) The value of the benefit from private use of –
 - i. any motor vehicle used for field work, provided by the employer where accurate record of such usage is maintained by such employer, amount of such non cash benefit shall be Rs. 25 per kilometer (irrespective of the engine capacity of the vehicle) but shall not exceed Rs.20,000/- per month;
 - ii. any motor bicycle provided by the employer where accurate record of such usage is maintained by such employer, amount of such non cash benefit shall

be Rs. 05 per kilometer (irrespective of the engine capacity of the vehicle)

- (i) Where the employer incurs or reimburses any expense in respect of fuel or maintenance of any motor vehicle or motor bicycle owned by the employee, the value of the benefit to the employee is the actual expenditure.

If any amount is deducted from the employee's salary for providing travelling, transport or related facilities, the employment benefit should be the benefit specified under 3 (a) , (b) , (c) or (f) above less the amount deducted from the employee's salary.

4. *Quantification of the value of communication facilities provided by the employer*

Where any employee is entitled to receive a payment for communication facilities under any Circular, Directive or Regulation issued on that behalf by the Government, the 25% of the cost incurred by the employer for such payment should be the value of the benefit to the employee of such payment.

5. *Loans on concessionary interest rates*

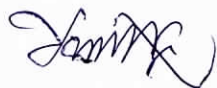
Where an employer or on behalf of the employer any bank or financial institution has provided a loan to an employee and employer agreed to settle or bear the full or part payment of the cost of interest on such loans, and such benefit is available for all employees of the employer without any discrimination, value of such benefit received or derived to an employee shall be zero.

6. *Payment of telephone bills of the employee*

Where an employer pays telephone or communications bills of the employee which used for official and private purposes, value of such benefit received or derived to an employee from such benefit shall be 50% of the bill payment amount made by the employer.

7. *Other non-cash benefits provided by the employer*

Cost of the benefit incurred by an employer shall be treated as value of benefit received or derived by an employee for all other non-cash benefits (benefits not covered under 1 to 6) provided by the employer. If the cost is not ascertainable, market value of a similar kind of benefit shall be treated as the value of such benefit.



Commissioner General of Inland Revenue

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