In inviting reference to the above, it is to inform that in the matter relating of calculation of perquisites for "Residential Accommodation provided by the employer", The Central Board of Direct Taxes (CBDT) vide Notification No. 20 of 2015, para 5.2.2 has clarified as follows:-

*5.2.2A Rules for valuation of such benefit or amenity as given in Rule 3 are as under:-

1. Residential Accommodation provided by the employer [Rule 3(1)] :-
"Accommodation" includes a house, flat, farm house or part thereof, hotel accommodation, hotel, service apartment, guest houses, a caravan, mobile home, ship or other floating structure.

A. For valuation of the perquisite of rent-free unfurnished accommodation, all employees are divided into two categories:

(i) For employees of the Central and State governments the value of perquisite shall be equal to the licence fee charged for such accommodation as reduced by the rent actually paid by the employee. Employees of autonomous, semi-autonomous institutions, PSUs/PSEs & subsidiaries, Universities, etc. are not covered under this method of valuation.

(ii) For all others, i.e. those salaried taxpayers not in employment of the Central government and the State government, the valuation of perquisite in respect of accommodation would be at prescribed rate, as discussed below:

a) Where the accommodation provided to the employee in owned by the employer:
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Cities having population as per the 2001 census</th>
<th>Perquisite</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Excess 25 lakhs</td>
<td>15% of salary</td>
</tr>
<tr>
<td>2</td>
<td>Excess 10 lakhs but does not exceed 25 lakhs</td>
<td>10% of salary</td>
</tr>
<tr>
<td>3</td>
<td>For other places</td>
<td>7.5% of salary</td>
</tr>
</tbody>
</table>

b) Where the accommodation so provided is taken on lease/rent by the employer:

The prescribed rate is 15% of the salary or the actual amount of lease rent payable by the employer, whichever is lower, as reduced by any amount of rent paid by the employee*.

2. Thus, it is evident from above para, that autonomous, semi-autonomous institution, PSUs/PSEs, University, etc. are not covered under the category of Central/State Government employees for the valuation of Residential accommodation provided by Employer.

3. Further, as per section 192(2C), of the Income Tax Act, 1961, the responsibility of providing correct and complete particulars of perquisites of profits in lieu of salary given to an employee is placed on the person responsible for paying such income i.e., the person responsible for deducting tax at source. The form and manner of such particulars, are prescribed in Rule 26A, Form 12BA (Annexure-II) and Form 16 of the Income Tax Rules, 1962.

4. Therefore, as DDO of an autonomous, semi-autonomous institution, PSU/PSE, University, etc. it is requested from you to confirm whether the Rule 3(1) of the Income Tax Rules, 1962 is being correctly calculated in your organization as per the notification 20/2015 of CBDT. Since, it has implications in the TDS from salary of the employee’s u/s 192 of the Income Tax Act, 1961 for all who are availing rent free unfurnished accommodation provided by the employer.

5. Attention is also drawn to letter F.No. 3-19/2015-T-S-1 dated 29th November, 2016 of the Department of Higher Education, Technical Section-1 under the Ministry of Human Resource and Development where clarification has been stated in respect of employees of autonomous organizations who do not fall within the definition/ambit of “Government” for the purpose of Rule 3(1) in all CBDT’s circulars on TDS under section 192 of the Income Tax Act, 1961.

A copy of the notification as mentioned above is enclosed for your ready reference and urgent necessary action. Please note that compliances in this regard received by this office on or before 15/11/2019 will be highly appreciated.

भव्यता/Yours faithfully,

(Rocktim Saikia)
Deputy Commissioner of Income Tax
TDS Circle- Guwahati