Finance Act, 2007

Section 17 - In section 17 of the Income-tax Act,

SECTION 11: Amendment of a) in clause (1), in sub-clause (viii), for the words "Central Government", the words "Central Government or any other employer" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2004; (b) in clause (2),-- (A) after sub-clause (ii'),-- (i) the following Explanations shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2002, namely- "Explanation 1.--For the purposes of this sub-clause, concession in the matter of rent shall be deemed to have been provided if,-- (d) in a case where the accommodation is provided by the employer in a hotel (except where the assessee is provided such accommodation for a period not exceeding in aggregate fifteen days on his transfer from one place to another), the value of the accommodation determined at the rate of twenty-four per cent. of salary paid or payable for the previous year or the actual charges paid or payable to such hotel, whichever is lower, for the period during which such accommodation is provided, exceeds the rent recoverable from, or payable by, the assessee. Explanation 2.--For the purposes of this sub-clause, value of furniture and fixtures shall be ten per cent. per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the assessee during the previous year."; 'Explanation 3.--For the purposes of this sub-clause, "salary" includes the pay, allowances, bonus or commission payable monthly or otherwise or any monetary payment, by whatever name called, from one or more employers, as the case may be, but does not include the following, namely- (a) dearness allowance or dearness pay unless it enters into the computation of superannuation or retirement benefits of the employee concerned; (b) employer's contribution to the provident fund account of the employee; (c) allowances which are exempted from the payment of tax; (d) value of the perquisites specified in this clause; (g) any payment or expenditure specifically excluded under the proviso to this clause;".; '(ii) in Explanation 1 as so inserted, for clause (a), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2006, namely- "(a) in a case where an unfurnished accommodation is provided by any employer other than the Central Government or any State Government and-- 'Explanation 4.--For the purposes of this sub-clause, "specified rate" shall be-- (i) fifteen per cent. of salary in cities having population exceeding twenty-five lakhs as per 2001 census; (ii) ten per cent. of salary in cities having population exceeding ten lakhs but not exceeding twenty-five lakhs as per 2001 census; and (iii) seven and one-half per cent of salary in any other place.'. (B) in sub-clause (iii), the proviso shall be omitted with effect from the 1st day of April, 2008.