

FBT (Fringe Benefit Tax) in Tally 9

The Finance Act, 2005 introduced a new tax structure under the title, **Fringe Benefit Tax (FBT)**, by including a New Chapter XII-H in the Income Tax Act 1961, containing Sec-115W to 115WL, which provides for the levy of additional Income Tax on Fringe Benefits offered by employers to their employees. FBT is payable in the year in which the expenditure is incurred, irrespective of whether the expenditure is capitalized or Not. However, the same expenditure will not be liable to FBT again in the year in which it is amortized and charged to Profit.

Valuation of Fringe Benefits

Group	Value
Any free or concession ticket provided by the employer for private journey of the employees or their family members.	100%
Any contribution by the employer to an approved superannuation fund for employees	100%

Valuation of Deemed Fringe Benefits

Group	Value
Entertainment	20%
Hospitality	20%
Conference	20%
Sales Promotions	20%
Employee's Welfare	20%
Conveyance, Tours and Travels	20%
Hotel, Boarding and Lodging	20%
Repair, running and maintenance of cars	20%
Repair, running and maintenance of Aircrafts	20%
Telephones	20%
Guest House	20%
Festival Celebrations	50%
Health Club	50%
Any other Club	50%
Gift	50%
Scholarship	50%

Thus, as per provisions of Sec-115W, employer has to pay Fringe Benefit Tax @ 30% on the assessable value of the Fringe Benefit.

Due Dates for Payment of FBT

Quarter	Due date for paying Advance Tax
April – June	15 th. July
July- September	15 th . October
October – December	15 th . January
January- March	15 th . March (on an estimated basis.)

Enabling FBT (Fringe Benefit Tax) in Tally 9

Go to **Gateway of Tally** → **F11: Features** → **F3 : Statutory & Taxation**

1. Under Statutory & Taxation

- Set **YES** to **Enable Fringe Benefit Tax (FBT)**
- Set **YES** to **Set / Alter FBT Details.**
- Enter the Details in FBT Assessable Details Screen :

Company FBT Assesse Details	
PAN / Income - Tax Number	: SWAYAM123
Assessee Type	: Firms/ Domestic Companies
Is Surcharge Applicable	? Yes
Assessee Category	: Others

List of Assessee Category	
Inter-state Sale	Carriage of Passengers or Goods by Aircraft
PAN / Income	Carriage of Passengers or Goods by Motor Car
	Carriage of Passengers Or Goods by Ship
	Construction Business
	Hotel
	In the business of Carriage Passengers
	Manufacture/Production of Computer Software
	Manufacture/Production of Pharmaceuticals
	Others

F1: Accounts

Note : When **Association of Person (AOP) / Body of Individuals (BOI)** Assesses Type selected, the additional option **Is Surcharges Applicable ?** displays. Surcharges is, by default applicable for other Assessee Types. For **AOP / BOI** , specify whether Surcharges is applicable.

2. Press **Enter** to accept the **Statutory & Taxation Features** screen.

Note : In Tally, you can account for expenses implying FBT with the help of a **Payment Voucher** **Journal Voucher** or **Purchase Voucher**.

The Complete Company Features screen displays as shown :

Company: **WWW.SWAYAM-EDUCATION.COM**

Statutory & Taxation

Enable Dealer - Excise	? No	Enable Tax Deducted at Source (TDS)	? Yes
Set/Alter Dealer - Excise Details	? No	Set/Alter TDS Details	? No
Follow Excise rules for Invoicing	? No	Enable Tax Collected at Source (TCS)	? Yes
Enable Value Added Tax (VAT)	? Yes	Set/Alter TCS Details	? No
Set/Alter VAT Details	? No	Enable Fringe Benefit Tax (FBT)	? Yes
Enable Service Tax	? No	Set/Alter FBT Details	? Yes
Set/Alter Service Tax Details	? No		

Tax Information

VAT TIN (Composition) :

VAT TIN (Regular) :

Local Sales Tax Number :

Inter-state Sales Tax Number :

PAN / Income - Tax No. : **SWAYAM123**

Accept ?

F1: Accounts F2: Inventory F3: Statutory **Yes or No**

Example :

Swayam Computer Education Pvt. Ltd. Reimbursed Rs.10,000 to Sanjay Satpathy (Senior Manager) towards conveyance Expenses by Cash.

Solutions :

Step 1 :

1. Create the following :
 - Ledger : **Conveyance Expenses** (under **Indirect Expenses**)
 - Set **Is FBT Applicable** to **YES**.

Note : The Option is **FBT Applicable** is available to enter FBT details for those grouped under Direct Expenses , Indirect Expenses, Fixed Assets, Misc. Expenses (Assets) and Sub Groups.

- Select '**Conveyance**' from **FBT Category**.

FBT Category	
List of FBT Categories	
Not Applicable	
Conference	115WB(2)(C)
Conveyance	115WB(2)(F)
Employees Welfare	115WB(2)(E)
Entertainment	115WB(2)(A)
Festival Celebration	115WB(2)(L)
Gift	115WB(2)(O)
Group Term Superannuation Fund / Insurance	115WB(1)(C)
Hotel Boarding & Lodging	115WB(2)(G)
Maintenance of Guest House	115WB(2)(K)
Provision For Free Or Concessional Tickets for Private Journey	115WB(1)(B)
11 more ...	

Note : The FBT category defaults automatically based on the definitions in the ledger masters. FBT category is not specified during ledger creation, the same can also be defined during Voucher Entry.

Step 2 :

Make an Entry of the Transaction in the **Payment Voucher (F5)**.

Example :

Swayam Computer Education Pvt. Ltd. Paid Rs. 680 towards FBT for the quarter ended June 30, 2006 by Cheque (No-987654).

Solutions :

1. Create Ledger – **FBT** (under **Duties & Taxes**)
 - Type of Duty / Tax : **FBT**
2. Make an Entry of the Transaction in a Payment Voucher
 - Press **ALT + F** or click on **FBT Helper** available in the Toggle Buttons Bar to view the FBT Filters Screen.
 - Ensure that the FBT Filters screen displays as shown below :

<u>FBT Filters</u>	
Type Of Payment	: Self Assessment Tax (300)
FBT Ledger	: FBT
From Date	: 1-6-2008
To Date	: 30-6-2008
<u>Challan Details</u>	
Bank Challan No.	:
Challan Date	:
Cheque/DD No.	: 987654
Bank Name	: Axis Bank Ltd.
BSR Code	:

3. Tally will automatically update the FBT Benefit (Tax) Ledger with Amount, select AXI Bank as Account.
4. To **Print** the FBT Challan, Press **ALT + P** to view the Print Configuration screen, activate Printing With Preview and Press **Y** or **Enter** to accept the screen. The **FBT Challan** will be Displayed and Prints.

FBT Computation Report in Tally 9

The FBT Computation Report displays the particular of FBT categories of the transactions Expenses Ledger, Total Expenditures amount of Fringe Benefits, amount recovered (if any) and the net amount of Fringe Benefits. It also comments on the eligible percentage and the value of Fringe Benefits subject to FBT.

The FBT is computed at the prescribed Rates for the given quarter or the required period after deducting advance tax paid, if any. Surcharges, and Education cess are automatically calculated and included in the net Tax payable amount.

Go to the **Gateway of Tally → Display → Statutory Report → FBT Reports → FBT Computation.**

To view any Advance payments made with respect to Fringe Benefit in the given period, press **F12 : Configure** in the report and set **Show FBT payment details** to **YES**. If required, you can also view the relevant section codes to the FBT Categories as per statutes by setting **Show Section Code** to **YES**.

<u>Configuration</u>	
Show Section Code	? Yes
Show FBT Payment Details	? Yes

FBT Computation Report displays as shown :

FBT Computation		WWW.SWAYAM-EDUCATION.COM					Ctrl + M
FBT Computation		1-Jul-2008 to 31-Jul-2008					
Particulars	Section Code	Expenditure Amount	Amount Recovered	Nett Expenditure	Percentage as per Sec 115WC	Value of Fringe Benefit	
Conveyance	115WB(2)(F)	10,000.00		10,000.00	20 %	2,000.00	
Total		10,000.00		10,000.00		2,000.00	
Fringe Benefits Tax (User defined Ledger) @ 30 %						600.00	
Surcharge @ 10 %						60.00	
Education Cess @ 2 %						13.20	
Addl. Education Cess @ 1 %						7.20	
						680.40	
Less: Advance Tax Paid							
Less: Self Assessment Tax Paid						680.40	
Less: Tax Paid on Regular Assessment							
Total Tax Payable (Rounded)							

Ledger of FBT Category in Tally 9

Tally allows you to drill down to FBT Ledger from the FBT Computation Report. Highlight the Conveyance as FBT Category and press **Enter**.

Ledgers of FBT Category									
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FBT Category		Conveyance - 115WB(2)(F)							1-Jul-2008 to 31-
Name of the Ledger	Expenditure Amount	Amount Recovered	Nett Expenditure	Percentage as per Sec 115WC	Value of Fringe Benefit	FBT	Surcharge	Education Cess	Additional Educational Cess
Conveyance Expenditure	10,000.00		10,000.00	20 %	2,000.00	600.00	60.00	13.20	6.60
Grand Total	10,000.00		10,000.00		2,000.00	600.00	60.00	13.20	6.60

The FBT Ledger displays the list of expenditure ledgers under the selected category, expense amount, amount recovered from employees, nett expenditure, percentage and value of Fringe Benefit, Tax Amount, Sur Charges, and the Education Cess . It displays the ledger wise FBT payable under the selected FBT category.

You can further drill down to the Voucher Level from the above report, by pressing Enter on the required ledger for any kind of alternation.