

GOVERNMENT OF INDIA
MINISTRY OF LAW AND JUSTICE
DEPARTMENT OF LEGAL AFFAIRS

LOK SABHA

UNSTARRED QUESTION NO. 1153
TO BE ANSWERED ON WEDNESDAY THE 25th July 2018.

ITAT

1153. SHRI GUTHA SUKENDER REDDY:

Will the Minister of **LAW AND JUSTICE** be pleased to state:

- (a) whether it is a fact that Income Tax Appellate Tribunal (ITAT) has made it mandatory to tax the interest free loan provided by an employer to employee and if so, the details thereof; and
- (b) whether the Government has issued any special ruling on this issue and if so, the details thereof?

ANSWER

**MINISTER OF STATE FOR LAW AND JUSTICE & CORPORATE AFFAIRS
(SHRI P. P. CHAUDHARY)**

(a) In a recent order dated 16.05.2018, in appeal No. 2172/M/2016 in the case of Ms. Neha Saraf Vs. ACIT for Assessment Year 2011-12, Income Tax Appellate Tribunal, Mumbai Bench, has held that notional interest on interest free loan may be taxed as perquisite u/s 17 (2)(iii)(c) of the Income Tax Act, 1961 read with rule 3(7)(i) of the Income Tax Rules, 1962.

(b) The Government has not issued any special ruling on this issue. However, for the taxability of perquisite in respect of interest free or concessional loan, the existing provisions of the Income tax Act, 1961, read with relevant rules, are applicable.
