



RAJASTHAN RAJYA VIDYUT PRASARAN NIGAM LTD.
[Corporate Identity No. (CIN) : U40109RJ2000SG016485]
Regd. Off.: Vidyut Bhawan, Jyoti Nagar, Jaipur 302005
| Website: www.rvpn.co.in

No. RVPN/CCOA/EA-Cash/F. /D. १७० Dated: ६-१२-१९

Sub:- Taxability of medical reimbursement to employees.

Instructions with regard to inclusion of the amount of reimbursement of medical expenses to employees in the total income of the employee for the purpose of computation/ deduction of tax at source had been issued vide circular No. RVPN/COA/Sr.AO (EA-Cash)/D. 1514 dated 22.11.2018.

In this regard, opinion of the Tax Consultant of RVPN was obtained. As per present position of provisions of Income Tax, following reimbursement of medical expenses is not liable for inclusion in the taxable income of the employees:-

- i) Treatment taken in any hospital maintained by the State Govt. or any local authority or by Central Govt.
- ii) Treatment undertaken in hospital approved under Central Govt. Health Scheme (CGHS). In other words, reimbursement of medical expenses in respect of treatment taken in hospital approved under CGHS is not liable for perquisite. Simply hospital approved/ empanelled by State Govt./RVPN does not mean that treatment undertaken by employee is not includible as perquisite.
- iii) Treatment taken in respect of prescribed disease in any hospital approved by Chief Commissioner of Income Tax u/s 17(2) of I.T. Act, 1961 read with rule 3A of Income Tax Rules, 1962.
- iv) Treatment taken in any hospital maintained by the employer.

In above conditions, the reimbursement of medical expenses to employee is not includible in the total income of the employee for the purpose of tax deduction at source.

In all other cases, the reimbursement of medical expenses to employee shall be includible in the total income of employee for the purpose of tax deduction at source.


Chief Accounts Officer (EA-Cash)