**Flexible Benefit Plan (FBP)**

Flexible Benefit Plan (FBP) is where Employees have the option to choose their own components of salary and the amount that goes to each component. The various components they can choose are, Provident Fund, House Rent Allowances (HRA), Leave Travel Allowance, Telephone & Internet Allowance, Food Coupons, Children Education Allowance, Professional Development Allowance, Driver Reimbursement, Books and Periodicals Reimbursement, Vehicle Fuel and Maintenance Reimbursement and Gym and Club Membership. Under these components employees can claim Tax Benefit. The provident fund option is taken manually by the HR team and the same is updated in the back end by the finance team. Other FBP options employees would need to declare in their Greythr portal. All the FBP components are explained below.

**Provident Fund (PF):**

The default PF is Rs. 1800/-. Employees can opt to increase their PF contribution from Rs. 1800/- to 12% of Basic. This is a yearly exercise as such once they choose to increase their option will be locked for the remaining financial year and they will only be able to change their contribution back to Rs. 1800 in the next financial year.

Example:

If the Employees Fixed portion of monthly salary is Rs. 1 lac per month, the basic salary would be 40% of Rs. 1 lac i.e. Rs. 40,000/-:

Scenario 1 (Default Rs. 1800/- fixed PF) : Rs. 1800 Employer's contribution + Rs. 1800 Employee's contribution would be deducted - Aggregate total monthly deduction in Fixed Salary would be Rs. 3600/-

Scenario 2 (Opting for 12% of PF on Basic) : Rs. 4800 Employer's contribution + Rs. 4800 Employee's contribution would be deducted - Aggregate total monthly deduction in Fixed Salary would be Rs. 9600/-

**House Rent Allowance (HRA):**

Tax-Benefit under House Rent Allowance (HRA) available only if the employee is living in rented accommodations. HRA for tax benefit will be available upto the minimum of the following three (calculated on monthly basis):

1. Actual house rent allowance received

2. Actual house rent paid minus 10% of basic salary

3. 40% of Basic Salary

A copy of the Original Rent Agreement and Rent receipts must be submitted to claim the Tax Benefit.

**Leave Travel Allowance:**

The Tax Benefit on Leave Travel Allowance is restricted only to the travel cost incurred by the employee, his spouse and dependent children & parents within India. The tax exemption is not valid for the costs incurred during the entire trip which might include expenses such as food expenses, shopping expense and other expense.

Given below is a list of expenses that is exempted under Leave Travel Allowance

Travel by air- Economic air fare by the shortest route or amount spent will be exempted depending on whichever is lesser.

Travel by rail- A.C. first class fare by the shortest route or the amount spent on travel will be exempted depending on whichever is lesser.

Place of origin and destination place of journey connected by rail but journey performed by other mode of transport

Place of origin & destination not connected by rail(partly/fully) but connected by other recognized Public transport system

Place of origin & destination not connected by rail(partly/fully) and not connected by other recognized Public transport system also

The employee must submit proof of their travel such as boarding passes, flight tickets, invoice of travel agent, duty pass and other documentary proof for availing the Tax benefit under LTA. LTA can be claimed twice in a block of four years, the current block is 2018-2021.

**Telephone & Internet Allowance:**

Tax exemption under Telephone & Internet allowance can be claimed by submitting copies of Bills and the eligible amount for Tax benefit will be upto the amount received under the same header in the employees monthly payslip.

**Food Coupons:**

Food coupons of Rs. 2970/- per month can be availed. Food Coupons will be given as Credit to Sodexo/Meal card. Once availed an employee must continue the food coupon for the whole Financial Year.

**Children Education Allowance:**

Tax Exemption is granted for an allowance of INR 100 per month, per child upto a max of two children. Adopted children may also be included. No payment proofs are required. Only a declaration needs to be submitted on the number of children and their age.

**Professional Development Allowance:**

Employees can claim tax benefit against any expenses incurred towards any courses, degree, etc. which helps employees in improving their skill/knowledge. Employees would need to submit copies of original bills/invoices.

**Driver Reimbursement:**

Employees using four-wheelers for personal and official purposes including regular travel to office from home can claim tax benefit on declaration against driver expenses of upto Rs. 900 per month. Employees would need to submit a Declaration of the amount claimed and any document confirming that the car is owned by the Employee.

**Vehicle Fuel and Maintenance Reimbursement:**

Employees using vehicles for personal and official purposes including regular travel to office from home can claim tax benefit against fuel and maintenance expenses. The upper limit eligible for a car is Rs. 1800 per month and for two wheelers is Rs. 900 per month. Employees would need to submit copies of bills/invoices and any document confirming that the vehicle is owned by the Employee.

**Books and Periodicals Reimbursement:**

Employees can claim tax benefit against any expenses incurred towards books and periodicals which helps employees in improving their skill/knowledge. Employees would need to submit copies of original bills/invoices.

**Gym and Club Membership:**

Employees can claim tax benefit against any expenses incurred towards Gym Memberships. Employees would need to submit copies of original bills/invoices.