

## India Flexible Benefits changes

Effective April 1, 2024

### Fact sheet

Aligned to the beginning of the Indian new tax year, a recent review has identified four areas of the Flexible Benefit Plan (FBP) to be updated so that they reflect prevailing market practices.

These changes have **no effect on associates' net pay or tax plans**.

Component	Change	Background
<b>House Rent Allowance</b>	HRA will be standardized as a fixed component on <a href="#">MyPay</a>	<ul style="list-style-type: none"><li>The HRA value continues to be either 40% or 60% of associate salary (based on pay level).</li><li>Associates continue to follow the current process to make HRA claims on <a href="#">MyPay</a>.</li><li>Tax exemption continues for those under the old tax regime. No exemption under new regime, as those who opt for the new regime cannot claim exemptions.</li></ul>
<b>Medical Allowance</b>	Medical Allowance is being sunset as a separate category – funds are being moved to Special Allowance.	<ul style="list-style-type: none"><li>Medical allowance is no longer eligible for tax exemption under current tax law - standard deduction of 50,000 INR now applies to everyone.</li><li>Because of this, the funds previously designated as a medical allowance are being moved to the special allowance category, where associates may allocate the funds to best fit their own situation – with no impact on taxation (since it moves from one taxable component to another).</li></ul>
<b>Leave Travel Allowance</b>	Leave Travel Allowance amount can now only be set once per year.	<ul style="list-style-type: none"><li>LTA tax exemption is only available for those under the old tax regime.</li><li>Associates will be able to set their LTA in <a href="#">MyPay</a> as a part of FBP from April 9 to May 20, 2024.</li><li>New hires will have a window to opt for LTA under old regime within one month of joining.</li></ul>
<b>Conveyance Allowance</b>	For associates with gross compensation $\geq$ 500,000 INR, 10% of gross compensation will be designated as a Conveyance Allowance, with a maximum value determined by the following schedule:	<ul style="list-style-type: none"><li>No change for associates with gross compensation between 230,000 and 500,000 INR</li><li>Allowance remains taxable; except for associates with a disability, who are eligible for a tax exemption of up to 3,200 INR per month under both tax regimes.</li></ul>

Job Level	Maximum amount per month
PA-	10% of Monthly Gross or 5,000 INR ( <i>whichever is lower</i> )
A	10% of Monthly Gross or 10,000 INR ( <i>whichever is lower</i> )
SA & M	10% of Monthly Gross or 20,000 INR ( <i>whichever is lower</i> )
SM & AD	10% of Monthly Gross or 35,000 INR ( <i>whichever is lower</i> )
D+	10% of Monthly Gross or 50,000 INR ( <i>whichever is lower</i> )

There are no changes to other FBP components such as Car Maintenance and Driver Salary, Food Card, New Pension Scheme (NPS), and Superannuation.

Refer to the [MyPay](#) >> **MyDefinitions** >> **FBP policy** for further details. More questions? [Contact Live Support](#).