

Reimbursement Policy

Prepared by	CFO	Approved By	Kunal Bajaj
Effective Date	1 st April 2024 Onwards	Version	2.1

Objective

This Reimbursement policy is a structured framework that outlines the procedures, guidelines and rules for employees seeking reimbursement for legitimate business expenses they incur on behalf of the company. This policy serves as a crucial document that delineates the expectations, processes, and boundaries of employee-initiated expenses.

The reimbursement policy will include details about the types of expenses an employee can submit a claim for and expenses they cannot claim as a reimbursement. An employee will also find guidelines regarding expense claim submissions and the information they need to provide for verification. Usually, this includes attaching the expense receipt to crosscheck and verify the transaction. *Employee is eligible to claim Reimbursement from the Co. as per his policy upto a maximum specified in this Appointment / Increment Letter.*

As a crucial step in our process, employees are required to submit their monthly bills for reimbursement by 5th / 15th of next month. This timely submission is vital for ensuring the accurate computation of monthly Tax Deducted at Source (TDS) under the reimbursement heads. Payment will be made by 10th / 20th of next month respectively.

In the event that you are unable to submit your bills on a Year-to-Date (YTD) basis until February 28th each year, TDS will be deducted on the unsupported amount paid to you during the year.

If an employee leaves the organization, he has to submit relevant proof of his reimbursement eligibility before his F&F is calculated by HR. In case, if he is unable to submit, the Co. will deduct TDS as per prescribed rates and pay the balance amount in his F&F. If his claim amount is higher than his eligibility amount till his last day, then balance amount will be recovered from his F&F.

Its not practically possible for the Company to verify the genuinity each and every claim or documents of the employee & Co. is not deducting TDS on this claim amount, so Co. is requesting employee to submit an Indemnity letter (at the start of the financial each) (as per Annexure IV) that in case any claim is found ineligible or any documentation is not accepted by tax authorities & they issue a recovery Notice, then employee has to reimburse it to the Co. whether he is in employment or not at the time of Notice.

The policy is applicable to all On-roll employees in following ways:

Eligibility (On Roll employee)	Applicable Reimbursement
GM & above	<ul style="list-style-type: none">• Car Reimbursement• Meal Coupons• Uniform Reimbursement• Books & Periodicals Allowance• Internet Reimbursement• Annual Gift card Reimbursement
Below GM	<ul style="list-style-type: none">• Meal Coupons• Uniform Reimbursement• Books & Periodicals Allowance• Internet Reimbursement• Annual Gift card Reimbursement

Entitlement

I. Car Reimbursement Policy:

a. Option 1 : Employee using his owned Car :

Employees can use their personal car for official purpose only. Employees needs to have car in his/her name (Documents required RC books with Car details)

In case the car is not registered in the Employee name but in close family member name (Father, Mother, Spouse, Daughter, Son, Brother only), then NOC from the Family member should be attached with supporting's should be submitted.

(NOC Template as per **Annexure V**)

Employees can claim reimbursement under the following Heads:

- 1. Fuel costs** - Employee can claim Fuel reimbursement by producing the actual bills to the SPOC assigned on a monthly basis. Maximum limit is Rs. **35,000/-** on a monthly basis. Employees should not submit claim more than 15% of the monthly eligibility amount in a particular month. Please make sure that Bills are in proper shape, legible with relevant details filled in. The fuel bills are for your own Car as declared to the company and

should be proper containing details such as quantity in liters & amount paid.

2. **Parking & Toll charges** – Employee can submit parking & toll charges for officials visits with the proper invoices. Parking and Toll Charges should be in line with travel as per Logbook. Parking charges paid to housing society where the Employee lives is not eligible for claim.
3. **Driver salary** – Employees can claim Driver salary by submitting salary payment voucher subject to maximum amount of **INR 35,000/- per month. (For VP & above) maximum amount that can be reimbursed is INR 40,000/- p.m.).** Monthly salary voucher for the salary paid to driver along with revenue stamp affix is compulsory for claiming this reimbursement. There can be a change of Drivers in a month, however the reimbursement amount cannot exceed maximum amount allowed. Please submit Driving License of the Driver (cannot be your spouse) which is a must to process your claim.
4. **Insurance cost** - Employee can claim actual Insurance cost under this policy by providing Insurance Premium Policy & payment receipt. This would be given proportionately in each financial year & balance will be carried forward to next financial year.
5. **Car maintenance** - Employee can claim normal car serving cost, Tyre replacement, accessories costs & other car related expenses under this policy, by submitting a proper invoice for the car declared to use it for official purpose. **Maximum amount that can be reimbursed is INR 100,000/- p.a. (For VP & above) maximum amount that can be reimbursed is INR 150,000/- p.a.)** Employee cannot claim car maintenance reimbursement for two car in the same month. If Employee has changed his car, he has to declare his new car purchased to the company and submit all relevant proof as mentioned above. In case of non-availability of supporting bills / invoices, claims shall be rejected, and the amount under the claim shall be considered as taxable.

Any excess amount claimed & paid in a month over his eligibility will be carried forward to next month & will be adjusted against this next month Claim amount, but the account has to be settled in a Financial year.

Out of the total eligible car reimbursable amount if the actual claims are lesser than the eligible amount in a financial year then the balance amount shall be considered taxable at the applicable rate as per Income Tax Act and will be paid in March of each year.

Employees must submit all documents as mentioned above along with Claim Voucher as per Annexure II to the Company.

- Employees need to fill all the bills in the Claim Voucher Form & submit to the Company on a monthly basis duly signed by him.
- Submission of Car Logbook is compulsory for claiming the Car reimbursement. Employees need to mention which all places he has visited during the month, number of KM travelled during the period & purpose of the travel. Place of travel should be linked to company business. This cannot include coming to Office from Home & return. Please also ensure that your car trip is not on a leave day. Car Logbook needs to be self-certified by the Employee.
- Employee should ensure that the amount of Fuel bill submitted should be in sync with actual KM travelled. Also the distance between two place of visit as per Log Book should not be abnormally higher as seen in Google Map, otherwise your claim is liable to be rejected.
 - (Template of log book should be as per **Annexure III**).
- Employee who does not submit Car Log Book along with monthly Car Claim Voucher, his entire Car running expense claim will be paid after deducting applicable TDS, as it will be very difficult to identify the car running expenses wholly for official purpose.

b. Option 2 : Car Hire facility with reimbursement of expenses.

An eligible employee can choose to avail 'Car Hire' facility, subject to the guidelines mentioned below:

Car hire from third person

- Employees can hire a vehicle from any third party (cannot be spouse) which should be registered in third party name and car should be used for official purpose only.
- The car will be hired by The Company for exclusive use of the employee concerned and a third party 'Car Hire Agreement' will be executed to this effect. (Format of the agreement is annexed hereunder as **Annexure I**).
- On transfer: Employees moving on transfer to other Group Companies

will have to necessarily terminate the car hire agreement before proceeding on such an assignment.

- Frequency of changes in 'Car hire charges': Furthermore, employees have the option to modify the car hire charges once more within the current financial year, provided they are upgrading or acquiring a new car.

1. Prescribed limits for car hire charges:

The Car owner (third party) will be paid the 'Car Hire Charges' subject to the maximum limit prescribed below:

- **Rs. 4000 per month per lac** value of the insured depreciated value car (value rounded off to the nearest **Rs. 1 Lac**)
- The insured depreciated value (IDV) of the car at the time of the initial submission will be considered for the purpose. An insurance cover notes not mentioning IDV of the vehicle will not be considered as a valid document for this purpose.
- This amount is subject to Reverse charge mechanism (RCM) under GST Law (currently at 5% on the value) and applicable TDS under Income Tax (currently at 1% / 2% on the value as applicable). The amount will be paid to the Government after deducting the TDS & certificate will be issued under the applicable law.
- RCM under GST paid by the Co. to the Govt. will not be deducted from this amount but will deducted from the CTC. Also 'Car Hire Charges' paid to the third party will form a part of the Total Cost to the Company (TCTC).

2. Mode of Payment:

Car hire charges will be paid monthly to the third party, in whose name the car is registered, as per the limits specified above. The payment will be made through crossed cheque of the amount in the third party's (owner's) favor or electronic transfer of the amount in the third party's bank account and any applicable taxes will be deducted as per Income Tax Act 1961 read with Income Tax Rules 1962.

3. Termination & renewal of car hire agreement:

The agreement will be valid for a period of twelve months from effective date of car hire, however in the event of any changes in the amount or third party's name, a new agreement has to be executed with the revised terms and the

old agreement needs to be terminated. An employee needs to renew his/her car agreement on expiry of the term of the agreement. In case of an employee resigned or is terminated, the car hire agreement shall automatically consider terminated from the date of exit of employee.

4. Related reimbursement under 'Car Hire':

An employee availing 'Car Hire' can also claim reimbursement as defined under Option 1 – Self Own Car. All the clauses & limits applicable under Option 1 will also apply to car hire from a third party.

5. Documents to be submitted:

An employee opting for 'Car hire', will be required to submit the following documents, amount will be paid on the submission of documents on monthly basis.

- Registration certificate (once unless the vehicle has been changed)
- Insurance papers of the vehicle (to be submitted every year)
- Signed car hire agreement as per **Annexure I**. Agreement should be signed by the Third Party, Company & the Employee on a Stamp Paper. Gap between effective date of the agreement & Stamp paper date cannot be more than 3 months & party to the stamp paper should be company and third Party only.
- KYC of the third party to register him / her as vendor for making monthly payment of Hire Charges. (PAN Card & AADHAR Card of the Third Party)
- Employee has to ensure that every month Car Hire Charges vendor submits the Invoice as per **Annexure VI** to the Co. to get his hire charges.

**The registration certificate and the insurance need to be in the name of the same third party.*

6. Responsibility:

It is the responsibility of the employee to submit the duly signed car hire agreement to the SPOC. On submission of signed agreement along with required necessary documents (as mentioned in clause 5), the payout under car hire and related components will be made.

7. Car Hire from another employee of the Company:

For the purpose of this policy, employees are not allowed to take on hire car of another employee of the Company and claim car hire charges. Such practices will be treated as violation of code of conduct and disciplinary action including termination will be taken against employees found guilty of such practices.

8. Management Discretion:

Management reserves the right to modify or terminate this policy without prior notice.

Employees must submit all documents as mentioned above along with Claim Voucher as per Annexure II to the Company.

- Employees need to fill all the bills in the Claim Voucher Form & submit to the Company on a monthly basis duly signed by him.
- Submission of Car Logbook is compulsory for claiming the Car reimbursement. Employees need to mention which all places he has visited during the month, number of KM travelled during the period & purpose of the travel. Place of travel should be linked to company business. This cannot include coming to Office from Home & return. Please also ensure that your car trip is not on a leave day. Car Logbook needs to be self-certified by the Employee.
- Employee should ensure that the amount of Fuel bill submitted should be in sync with actual KM travelled. Also, the distance between two place of visit as per Log Book should not be abnormally higher as seen in Google Map, otherwise your claim is liable to be rejected.

(Template of log book should be as per **Annexure III**).

- Employee who does not submit Car Logbook along with monthly Car Claim Voucher, his entire Car running expense claim will be paid after deducting applicable TDS, as it will be very difficult to identify the car running expenses wholly for official purpose.

c. Option 3 : Car Hired inclusive of all the cost

- This Option is **only** available for **VP and above**.
- The company can either hire a car for the employee from any agency and if the Company is unable to get a car on hire as desired by the employee it can take employees car on hire from him which will be used for official purpose only.
- The car will be hired by The Company for exclusive use of the employee concerned and a 'Car Hire Agreement' will be executed to this effect.

(Format of the agreement is annexed hereunder as **Annexure I**).

- On transfer: Employees moving on transfer to other Group Companies will have to necessarily terminate the car hire agreement before proceeding on such an assignment.
- Frequency of changes in 'Car hire charges': Furthermore, employees have the option to modify the car hire charges once more within the current financial year, provided they are upgrading or acquiring a new car.

1. Prescribed limits for car hire charges

Maximum amount which the company will pay for hiring the vehicle will be **INR 1,12,000/-** per month. The car hire charges will include all expenses for running the car for official purpose only. No other payment will be made to the Employee other than above prescribed amount.

This amount is subject to Reverse charge mechanism (RCM) under GST Law (currently at 5%) and applicable TDS under Income Tax (currently at 1% / 2% as applicable). The amount will be paid after deducting the following taxes & certificate will be issued under the applicable law.

RCM under GST paid by the Co. to the Govt. will not be deducted from this amount but will deduct from the CTC. Also 'Car Hire Charges' paid to the third party will form a part of the Total Cost to the Company (TCTC).

2. Mode of Payment:

Car hire charges will be paid monthly to the employee or other third party, in whose name the car is registered, as per the limits specified above. The

payment will be made through crossed cheque or electronic transfer of the amount in bank account of car owner and any applicable taxes will be deducted as per Income Tax Act 1961 read with Income Tax Rules 1962.

3. Termination & renewal of car hire agreement:

The agreement will be valid for a period of twelve months from effective date of car hire, however in the event of any changes, a new agreement has to be executed with the revised terms and the old agreement needs to be terminated. An employee needs to renew his/her car agreement on expiry of the term of the agreement. In case of an employee resigned or is terminated, the car hire agreement shall automatically consider terminated from the date of exit of employee.

4. Documents to be submitted:

An employee opting for 'Car hire', will be required to submit the following documents, amount will be paid on the submission of documents on monthly basis.

- Registration certificate (once unless the vehicle has been changed)
- Insurance papers of the vehicle (to be submitted every year)
- Signed car hire agreement as per **Annexure I**. Agreement should be signed by Company & the Employee on a Stamp Paper. Gap between effective date of the agreement & Stamp paper date cannot be more than 3 months & party to the stamp paper should be company and third Party only.
- KYC of the employee to register him / her as vendor for making monthly payment of Hire Charges. (PAN Card & AADHAR Card of the Employee)
- Employee has to ensure that every month Car Hire Charges Invoice is submitted as per **Annexure VI** to the Co. to get his hire charges.

**The registration certificate and the insurance need to be in the name of the same third party.*

5. Responsibility:

It is the responsibility of the employee to submit the duly signed car hire agreement to the SPOC. On submission of signed agreement along with

required necessary documents (as mentioned in clause 4), the payout under car hire and related components will be made.

6. Car Hire from another employee of the Company:

For the purpose of this policy, employees are not allowed to take on hire car of another employee of the Company and claim car hire charges. Such practices will be treated as violation of code of conduct and disciplinary action including termination will be taken against employees found guilty of such practices.

7. Management Discretion:

Management reserves the right to modify or terminate this policy without prior notice.

Employees must submit all documents as mentioned above along with Claim Voucher as per Annexure II to the Company.

- Employees need to fill all the bills in the Claim Voucher Form & submit to the Company on a monthly basis duly signed by him.
- Submission of Car Logbook is compulsory for claiming the Car reimbursement. Employees need to mention which all places he has visited during the month, number of KM travelled during the period & purpose of the travel. Place of travel should be linked to company business. This cannot include coming to Office from Home & return. Please also ensure that your car trip is not on a leave day. Car Logbook needs to be self-certified by the Employee.

(Template of log book should be as per **Annexure III**).

- Employee who does not submit Car Logbook along with monthly Car Claim Voucher, his entire Car running expense claim will be paid after deducting applicable TDS, as it will be very difficult to identify the car running expenses wholly for official purpose.
- Employee has to consult their Tax Advisor on suitable treatment of Car Hire Charges received from the Company. He has to file his Income Tax Return on a yearly basis by disclosing this Car Hire Charges income as Business Income in his Tax Return & pay appropriate taxes on this.

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II. Internet Reimbursement:

Employees are eligible to claim reimbursement for internet expenses only under this policy. According to Rule 3(7)(ix) of the Income Tax Act, any reimbursements provided to employees for conducting official duties, specifically for telephone and internet usage, are exempt from taxable income.

For reimbursement eligibility, the internet connection must be registered in the employee's name or that of a family member. When claiming reimbursements, employees are required to submit their internet bills as supporting documents. Reimbursement is applicable on the actual bill amount, adhering to the company's policy, with a maximum cap set at **INR 30,000 per annum**. OTT subscriptions charges are not allowed under this clause.

III. Uniform reimbursements:

Reimbursements for official attire, including business formal clothing and related accessories, fall under the category of Attire reimbursements. The reimbursement is granted based on the bills submitted by employees, covering the actual expenses incurred. Bills of the shop should be proper and legible to identify the purchase. As per Section 10(14)(ii) of the Income Tax Act, the total expenditure on purchasing uniforms for official purposes is eligible for deduction, with a maximum cap as per the company's policy set at **INR 15,000 per annum**.

Tax exemption: This reimbursement is entirely exempt from tax in the hands of the employee and is considered an expense for the employer. The exemption applies to the actual bill amount incurred for the purchase of official attire.

IV. Books & Periodicals Allowance:

Books and periodical allowances are implemented to ensure that employees stay well-informed about the latest advancements in their respective fields. This allowance covers the reimbursement of expenses incurred by employees for books, newspaper and magazine subscriptions. Books & periodicals should be only related to your work or increasing your skillsets & knowledge. The company's policy sets a maximum cap of **INR 15,000 p.a.** for this allowance.

Tax exemption: As per law same is exempted up to actual bill amount.

V. Meal Coupon:

These prepaid coupons offer employees the convenience of acquiring food, groceries, and non-alcoholic beverages without incurring any immediate expenses. The company seamlessly integrates this amount into the employees' Cost to Company (CTC).

For Meal Benefit the load value will be **INR 2200/- per month (INR 26,400/- in an annual year)**

The card is widely accepted at renowned establishments such as Swiggy, Zomato, Burger King, Pizza Hut, KFC, Spencer's, Big Bazaar, and more. It's important to note that the card is specifically designed for transactions with these partnered merchants.

By incorporating 'Meal Allowance' as a designated component in the compensation structure for registered employees, the company not only streamlines access to free food and beverages but also provides a tax-free benefit to enhance the overall compensation package.

VI. Gift Card:

In the event that an employee selects a gift card, the company extends an annual gift card valued at **INR 5,000 per year** and paid once in a year in October, completely exempt from tax implications. These gift cards are treated as cash equivalents, irrespective of their specific nature.

Reimbursement Policy

Prepared by	HR & Finance	Approved By	Kunal Bajaj
Effective Date	1st April 2023 - 31st Dec'23	Version	1.0
Eligibility	General Manager & above who have opted for Car Reimbursement		

Car reimbursement documents for the period April to Dec 23:

Employees can use their personal car for official purpose. Employees need to have car in his/her name (Documents required RC books with Car details) Employees can claim reimbursement under the following Heads:

- **Logbook submission:** Employees must submit the following documents to the Company.

Submission of Car Logbook is compulsory for claiming the reimbursement. Employees need to mention which all places been visited during the month, No. of KM travelled during the period. This cannot include coming Office from Home & return. **(Template attached as Annexure III).**

- **Petrol costs** - Employee can claim petrol reimbursement by producing the actual bills to the SPOC assigned on a monthly basis. Employees need to provide Log voucher showing the place visited with Kms and accordingly petrol amount can be claimed. Once verified, it shall be forwarded for payment. Maximum limit of INR 35,000 on monthly basis.
- **Parking & Toll charges** – Employee can submit parking & toll charges with the submitting invoices / bills.
- **Driver Salary** – Employees can claim Driver salary by submitting salary payment voucher up to an amount of maximum INR 35000 per month.
- **Insurance cost** - Employee can claim actual Insurance cost under this policy by providing payment receipt and Insurance copy.
- **Car Servicing cost** - Employee can claim car serving cost under this policy, by submitting invoice.
- **Car Accessories cost** - Employee can claim cost towards car accessories under this policy, by submitting invoice.

- **Any other costs related to Car** – Employee is eligible to claim any other expenses related to Car by submitting actual bills. In case of non-availability of supporting bills / invoices, claims shall be rejected, and the amount under the claim shall be considered as taxable.

Out of the total eligible car reimbursable amount if the actual claims are lesser than the eligible amount then the balance amount shall be considered taxable at the applicable rate as per Income Tax Act. These bills need to be submitted by 10th Feb'2024 to SPOC assigned.

Attached Template to be used while submitting the Claim Form along with Logbook:

Revised Car Log Book Template attached as Annexure III

Annexure I – Car Hire Agreement



Microsoft Word
Document

Annexure II - Claim Voucher Template



Microsoft Excel
Worksheet

Annexure III – Car Log Book



Microsoft Excel
Worksheet

Annexure IV - Indemnity



Microsoft Word
Document

Annexure V – NOC Template



Microsoft Word
Document

Annexure VI – Invoice Sample



Microsoft Excel
Worksheet