

# Flexible Expense Plan

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## Declaration Guidelines

### Flexible Expense Plan (FEP)

Flexible Expense Plan allow team members to choose the benefits from a basket of allowances offered by Happiest Minds Technologies Pvt Limited are tax-advantaged.

This is a basket of allowances which gives an option to allocate Happiest Minds total FEP against various components which are detailed below and benefit the tax waiver for the amounts.

- ☺ FEP (Flexible Expense Plan) is declared from the basket of allowances by a Happiest Mind at the beginning of the financial year – i.e. 1<sup>st</sup> April to the following 31<sup>st</sup> March. *OR*
- ☺ At the time of joining Happiest Minds (your first declaration for that financial year)
- ☺ Revision to your existing FEP declaration can be made every month, provided the first declared special pay amount is not reduced.
- ☺ Revision of FEP declaration can also be made at the time of salary revision (this being to the extent of the salary revision amount).

### Components of FEP (basket of allowances)

- **Conveyance Allowance**
- **Medical bill reimbursement**
- **Leave Travel Allowance**
- **House Rent Allowance (HRA) Broadband Expenses**
- **Broad Band**
- **Meal Card**
- **Special Pay**

## Conveyance Allowance

- **Conveyance Allowance – Rs. 1600 per month**

Conveyance Allowance is applicable to all Happiest Minds who use the company organised transport or otherwise.

(Happiest Minds who choose to opt for the allowance of **Private Owned Car** or on purchasing **Car under the Company Operated Lease** need to avail the options under separate heads as provided below.)

This amount of Rs. 1600 is not taxable. This opted allowance will be paid every month along with the salary. This does not require bills submissions,

- **Fuel / Maintenance (0, 1800, 2400) (Choose from 0, 1800, 2400 only) for self-owned Car**

As per the Income Tax Act, the maximum limits that can be claimed per month in case of privately owned car are as follows:

- Rs. 1,800 per month (Rs. 21,600 per annum), if the car is less than or equal to 1600cc
  - Rs. 2,400 per month (Rs. 28,800 per annum), if the car is greater than 1600cc
  - Bills that can be used to avail this benefit are car Fuel, Insurance, Road Tax and Maintenance.
  - The amount of Rs. 1800 or Rs. 2400 is not taxable.
- **Fuel Expenses -Company Leased Vehicle - Car under Company Operated Lease**

There is no maximum limit that can be claimed if the car is under Company Leased care. Actual Bills need to be produced to claim this component.

- **Vehicle Maintenance Leased vehicle**

Vehicle Insurance paid and any other maintenance expenses for the cars taken on company leased car can be claimed under this head without any limit. Actual Bills need to be produced to claim this component.

- **Company Car Lease**

The amount paid to the leasing company by Happiest Minds will be debited to the FEP under this head. There is no claim under this that is required and the amount will be automatically reduced from the FEP under this head if the car is taken on car lease.

Other points to be kept in mind while taking the car under Company Lease are:

A perquisite is added to your income for the purpose of tax computation. This perquisite value is:

- Rs 1,800 per month (Rs.21,600 per annum), if the car is less than or equal to 1600cc
- Rs. 2,400 per month (Rs.28,800 per annum), if the car is greater than 1600cc

Happiest Minds Technologies Pvt Limited will pay monthly instalment directly to the leasing company and this amount will be reduced from monthly FEP.

### **Medical bill reimbursement**

Medical bill reimbursement is the expense incurred by the Happiest Mind towards non hospitalization medical expenses, including purchase of medicines from a Chemist with or without consulting a doctor for him/her or for family members.

Family in this context includes Happiest Mind, his/her Spouse, his/her children, parents, brothers and sisters, wholly and mainly dependent on the Happiest Mind.

A maximum amount of Rs. 1,250 per month (Rs. 15,000 per annum) can be claimed on FEP towards medical expenses, non-hospitalization and outpatient ailments for self and dependent family as defined above.

The medical bills need to be produced in original to avail this exemption.

This amount claimed subject to a maximum of Rs.1250 per month is not taxable.

This amount of Rs.1250 per month is pro-rated for the period of service in Happiest Minds.

### **Leave Travel Allowance**

LTA exemption is allowed in respect of any two journeys in a block of four years. The current block is 2014 to 2017. Say for example, you claim LTA exemption in 2014, then you could claim just one more till 2017. An important thing to keep in mind here is that, the four years are calendar years and not financial years.

Travel expenses for the Happiest Mind and his/her dependant family members can be claimed. Definition of family (Spouse, children, parents, brothers and sisters, wholly and mainly dependent on the Happiest Mind) for out-station travel within in India. Leave for the purpose of travel must be availed by the Happiest Mind.

LTA can be availed two times during the block of four years, (the two times claim cannot be during the same year). This amount is tax free as per the Income Tax rules. No limit is defined however, the exemption is strictly limited to economy class airfare/First class rail fare/bus fare. For all journeys performed travel fare is allowed by the shortest route to the place of destination is considered. No other expenses like portorage, lodging, boarding etc. will qualify for exemption. This is limited to cost of travel to the farthest point in the itinerary via shortest route. Break journeys will not be allowed.

For the travel through air, the Boarding passes for the travel along with the ticket has to be produced to claim the reimbursement.

Current Block year starts Jan 2014 to Dec 2017.

### **Journeys performed by any other mode (Tourist or Personal car)**

First class A/C train fare from the place of origin to the final place of destination by the shortest route, will be allowed as exemption. In case the route is not connected by rail, the first class or deluxe class fare from the place of origin to the final place of destination by the shortest route will be allowed as exemption.

### **Circuitous Travel**

Similarly where the journey is performed in a circular fashion touching different places, the exemption would be limited to what is admissible from the place of origin to the farthest point reached by the shortest route.

For example: A person starts from Bangalore goes to Trivandrum, then to Bombay, Goa and then returns to Bangalore.

The exemption here would be restricted to the rail fare between Bangalore to Bombay by the shortest route.

All bills for the claim are to be produced in original

The amount claimed under this head is not taxable.

### **House Rent Allowance (HRA)**

HRA is 40% of basic for Bangalore (non metro) and 50% of basic for metro cities.

For rent payments: Rent Receipt of four quarters in the year (one receipt for each quarter) are to be produced in original to avail the benefit of HRA under tax. In case if there is a change in rent during the year, then the rent receipt for the month in which the rent is increased also needs to be produced.

The amount of exemption under the tax is the least of:

40% of the basic

Actual HRA received

Rent paid as reduced by 10% of basic salary.

This declared amount will be paid along with the months' salary. Proof of the rental agreement/rent receipts has to be submitted once in a year during the investment proof submissions. It is to be noted that if the rent exceeds Rs.8333/- per month, then the PAN number of the landlord also needs to be provided. Also please note that the charges paid as maintenance for the apartment does not qualify to be claimed as HRA.

### **Broadband Expenses**

An expense of upto Rs. 1,000 per month (Rs.12,000 per annum) can be reimbursed as broadband expenses. Bills for claim need to be in the name of the Happiest Mind only and should be in the city of their work. Broadband expense will include post-paid, land line telephone and data card.

However, any amount claimed as official reimbursement cannot be claimed under FEP.

Purchase of Dongles cannot be claimed under this option.

This is not taxable.

### **Meal Card**

On opting the Food allowance option in FEP, a meal card will be issued with an amount of Rs 2200 per month (upto Rs 26400 per annum). This amount will be automatically loaded every month (on or before 7th of every month).

Meal Cards will be issued to new joinees on the following month of their joining.

Communications on the Meal Card distributions every month will be made by the finance team every month.

The declaration once made for this option cannot be withdrawn during the financial year.

An exception will be made during transfers of a Happiest Mind to any overseas locations.

This option is not taxable.

### **Special Pay**

- The balance amount that you specify after deduction of these declared amounts (your choice of components of FEP stated above) is special pay.
- Special pay cannot be reduced once it has been declared.
- In case of a revision in salary, a new declaration will be allowed for Happiest Minds and subsequently changes in special pay can be initiated.
- Special pay is fully taxable.

### ***Un-utilized FEP amount***

Any unutilised declared amounts of FEP will be taxable and would be payable along with the March salary as Year End Pay.

### ***Claim of FEP amounts***

***FEP can be claimed every month by submitting original bills along with the FEP claim form.***

The last date for submitting claim forms for the month would be 20<sup>th</sup> of the month and the reimbursement for the same would be made along with the salary payment on the last working day of the month.

Claims for the month of March have to be submitted by 15<sup>th</sup> March.

If the FEP is not declared, only basic pay will be paid with payroll. Other heads such as Conveyance, HRA and Special pay which are part of FEP will not be paid with salary for that month.



## *Process*

- FEP declaration is to be made on the Payroll Portal within the 20<sup>th</sup> of every month. Login details is sent to the Happiest Minds official mail id within the first eight days of your joining.
- Payroll Portal link :  
<https://www.hrberry.com/powerhr/index.php?q=cms&m=index&client=happiestminds>