

Exensys Software Solutions Ltd.		AA/B/CCDD V x.y
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**Best Practice**  
**eXensys – FBT Process**  
 Business Performance Sustained

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## Introduction:

Fringe benefits and benefits in kind (also called employee benefits, perquisites, or perks) are various non-wage compensations provided to employees in addition to their normal wages or salaries. Where an employee exchanges (cash) wages for some other form of benefit, this is generally referred to as a 'salary sacrifice' arrangement.

Common perks are company cars, hotel stays, free refreshments, and entertainment & leisure activities on work time, free meal coupons, usage of motorcars and aircrafts, conveyance tour & travel expenses and Employee Stock Option Plan.

Fringe Benefit details are periodically reported to tax authorities. Procedures for reporting to tax authorities differ from country to country.

## Overview:

Fringe Benefit Tax (FBT) is statutory requirement in countries like India & Australia, for example. The amount of FBT is depends on the benefit provided, status, fringe benefit value and tax rates.

Tax rates are declared by statute. A discrepancy in calculation can lead to legal consequences and statutory audit issue. This challenging and accurate calculation required at every stage of voucher posting.

Challenging scenarios for FBT:

- Tax rates are defined by statute
- Frequent changes in tax rates
- FBT value to be determined
- FBT calculation and financial postings
- Statutory requirements – Benefit, value of the benefit, rate etc.,
- Complicated calculation at transaction level.
- Compiling data as per statutory requirement and vendor requirement.
- Statutory compliance – Tax remittance, Return filing etc.

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These challenging scenarios demands tax professionals for process and review.

Thus Its needs a FBT process system capable of accurate FBT calculation, financial postings and compilation of data as per statutory and management requirement.

### **eXensys Features**

Exensys –FBT provides auto calculation of FBT, Financial posting of FBT, FBT remittance, Advance Tax remittance, Adjustment of FBT & advance tax , All the required information /reports as required by statue. In eXensys product, FBT calculation is considered for Expenses and Assets general ledger accounts. Rate, FBT value is created and assigned to accounts at master level. FBT calculation, financial postings and challan generation are automatic.

In exensys, FBT process consists

- Masters
- Transactions
- Reports

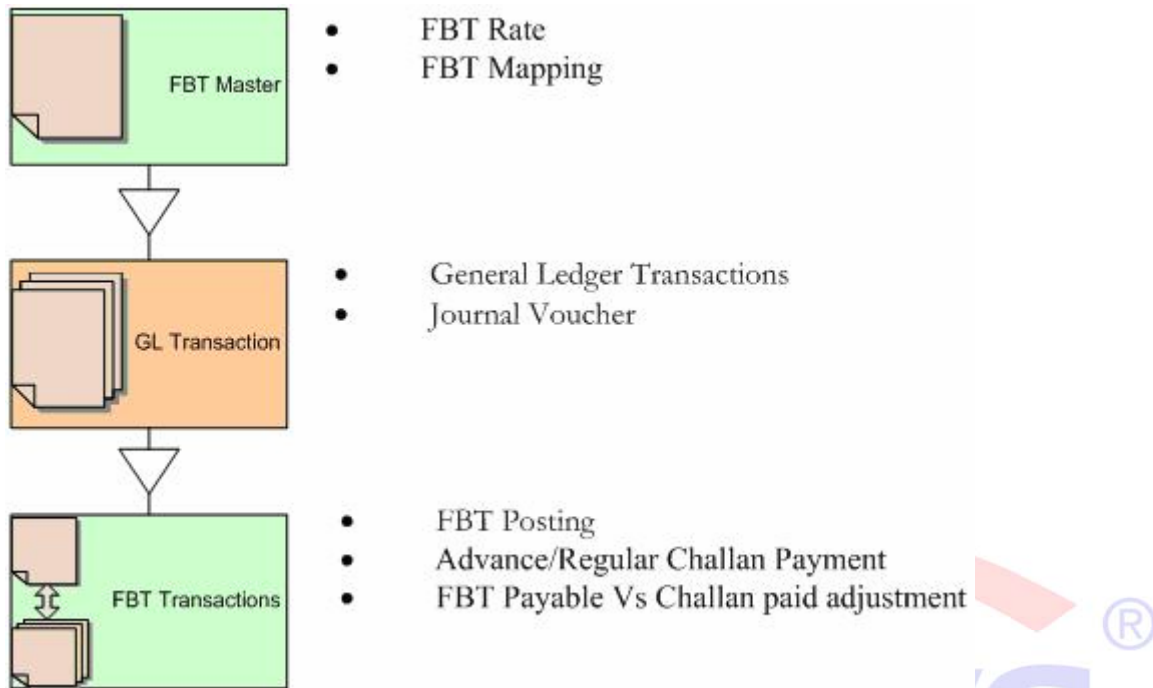
### **Example:**

X company has provided Rs.1, 00,000/- benefit to selected employees for tours & travels. This benefit is in addition wages or salaries received by employees. This is expenditure for company. Tax rate applicable is 30%, FBT value is 50%.

At master level, FBT rate – 30%, FBT value -50% created and assigned to Tours & Travel account at master level. At the time of payment of Rs.1, 00,000/- , FBT is calculated Rs.15, 000/- (Doc.1). FBT calculation and posting is automatic.

At transaction level, FBT advance/regular challan remittance for Rs.15,000/-. FBT payable transaction, Doc1, adjusted against the challan paid.

### eXensys Process Flow



### Benefits:

1. Rate creation and assignment is one time activity
2. Calculation and FBT posting is automatic
3. Flexibility for Advance Tax Payment & its Adjustment
4. Supports to changes in Taxation
5. Tax professionals dependency is reduced
6. Audit issues can be resolved by far
7. Statutory requirements fulfilled
8. In detail FBT data reports

### Conclusion:

In eXensys product, FBT process is simplified. Calculation, audit and statutory requirements are managed in effect. Process is management and user friendly. Multi national process and procedures are supported