

# SPRINGROLE INDIA PRIVATE LIMITED

CIN: U72900KA2017PTC104324

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**POLICY NO: SW-4\_2023 VER 1.0**

**Name of Policy: SALARY REIMBURSEMENTS POLICY**

**Valid From: April 1, 2018**

**Applicable To: ALL EMPLOYEES**

Following is the recommendation for Salary Reimbursements namely Telephone, Internet, Periodicals and Professional Development Reimbursement which is part of employee's salary.

- 1. Telephone Reimbursement** – The Telephone reimbursement is considered as Non-Taxable subject to submission of relevant bills by employees.
  - a. The reimbursement is limited to the annual cap as mentioned in the offer letter. The amount will be released on a monthly basis to employees along with paychecks.
  - b. The reimbursement proofs should be submitted during the Payroll Audit. The resigned employees should submit the reimbursement proof on or before their last working day to enable the company to calculate correct taxes. Any failure to submit the proofs by employees will lead to exclusion from IT Proof and taxes will be deducted without considering the proofs. The Telephone connection should be in the employee's name and can include both landline as well as cellular connections.
  - c. The proofs will be accepted max for one landline and one cellular.
  - d. The expenses towards Pre-Paid as well as Post Paid both will be considered.
  - e. Bills / Receipts should be in the name of the employee.
  - f. The employees need to declare at Keka portal with the projected amount of usage at the beginning of the year to calculate the taxes correctly. Any deviation in declaration and actual usage will lead to variance in taxes at the end of year.
  - g. Bills already claimed as a part of WFH allowances shall not be claimed again (as a part of Rs.1500/2000 monthly internet allowance/Lifestyle Spending account during WFH period).
- 2. Internet Reimbursement** – The Internet reimbursement is considered as Non-Taxable subject to submission of relevant bills by employees.
  - a. The reimbursement is limited to the annual cap as mentioned in the offer letter. The amount will be released on a monthly basis to employees along with paychecks.
  - b. The reimbursement proofs should be submitted during the Payroll Audit. The resigned employees should submit the reimbursement proof on or before their last working day to enable the company to calculate correct taxes. Any failure to submit the proofs by employees will lead to exclusion from IT Proof and taxes will be deducted without considering the proofs. The Internet connection should be in the employee's name and can include both Wi-Fi/broadband as well as cellular connections.
  - c. The proofs will be accepted max for one Wi-Fi/broadband and one cellular.
  - d. The expenses towards Pre-Paid as well as Post Paid both will be considered.
  - e. Bills / Receipts should be in the name of the employee.

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- f. Bills already claimed as a part of WFH allowances shall not be claimed again (as a part of Rs.1500/2000 monthly internet allowance/Lifestyle Spending account during WFH period).
- g. The employees need to declare at Keka portal with the projected amount of usage at the beginning of the year to calculate the taxes correctly. Any deviation in declaration and actual usage will lead to variance in taxes at the end of year.

**3. Professional Development Reimbursement** - The Professional Development reimbursement is considered as Non-Taxable subject to submission of relevant bills by employees. The purpose of this component is to encourage employees to enhance their knowledge in relevant domain.

- a. The reimbursement is limited to the annual cap as mentioned in the offer letter. The amount will be released on a monthly basis to employees along with paychecks.
- b. The reimbursement proofs should be submitted during the Payroll Audit. The resigned employees should submit the reimbursement proof on or before their last working day to enable the company to calculate correct taxes. Any failure to submit the proofs by employees will lead to exclusion from IT Proof and taxes will be deducted without considering the proofs. The professional development activity should have been taken only on employee name.
- c. The professional activity is like participation at conferences relevant to employee's skills and enrollment for a course to enhance the skillset of employees.
- d. The professional development activity should have been taken only on employee name.
- e. Payment / Invoice receipt must be provided. It must be on the employee's name.
- f. The expenses will be considered and reimbursed subject to annual cap. There won't be any separate reimbursement in excess of the annual cap as mentioned in the offer letter. This reimbursement will entitle the employees to claim this amount tax free and the company is not in any obligation to reimburse any additional amount in excess of annual cap as mentioned in the offer letter.
- g. The employees need to declare at Keka portal with the projected amount of usage at the beginning of the year to calculate the taxes correctly. Any deviation in declaration and actual usage will lead to variance in taxes at the end of year.

**4. Periodical Journal Reimbursement** - The Periodicals Journal reimbursement is considered as Non-Taxable subject to submission of relevant bills by employees. The purpose of this component to encourage employees to subscribe for relevant Journals, Magazines and Newspaper to be updated with current affairs.

- a. The reimbursement is limited to the annual cap as mentioned in the offer letter. The amount will be released on a monthly basis to employees along with paychecks.

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- b. The reimbursement proofs should be submitted during the Payroll Audit. The resigned employees should submit the reimbursement proof on or before their last working day to enable the company to calculate correct taxes. Any failure to submit the proofs by employees will lead to exclusion from IT Proof and taxes will be deducted without considering the proofs. The periodical journal bill should be on employee name.
- c. The subscription of Journals, Magazines and Newspapers will be eligible to be claimed under this component.
- d. Bills / Receipts should be in the name of the employee.
- e. The expenses will be considered and reimbursed subject to annual cap. There won't be any separate reimbursement in excess of the annual cap as mentioned in the offer letter. This reimbursement will entitle the employees to claim this amount tax free and the company is not in any obligation to reimburse any additional amount in excess of annual cap as mentioned in the offer letter.
- f. The employees need to declare at Keka portal with the projected amount of usage at the beginning of the year to calculate the taxes correctly. Any deviation in declaration and actual usage will lead to variance in taxes at the end of year.

5. **Leave Travel Allowance** - Leave Travel Allowance (LTA) is a type of allowance which is given to an employee from his employer to cover his travel expenses when he is on leave from work. LTA is exempt from tax u/s 10(5) of Income Tax Act, 1961.

Any travel concession or assistance received by employee from his employer for himself and his family to cover expenses incurred in travelling while on leave. **For the purpose of this section, family includes:**

- Spouse of individual
- Children of individual
- Parents of individual (mainly or wholly dependent on the individual)
- Brothers and sisters of individual (mainly or wholly dependent on the individual)

### List of Expenses Exempt under LTA

#### In case of travel by air

The economy air fare of a national carrier by the shortest route or the actual amount spent on travel whichever is less is exempt from tax.

#### In case of travel by rail

The A.C. first class rail fare by shortest route or actual amount spent on travel whichever is less is exempt from tax.

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- **If the origin and destination spots of journey are connected by rail but journey is performed by other mode of transport and not air or rail**

The A.C. first class rail fare by shortest route or actual amount spent on travel, whichever is less is exempt from tax.

- **If the origin & destination points are not connected by rail or air (partly/fully) but connected by other recognized Public transport system**

The first class or deluxe class fare of such transport by shortest route or actual amount spent on travel, whichever is less is exempt from tax.

- **If the place of origin & destination are not connected by rail or air (partly/fully) and also not connected by other recognized Public transport system**

The AC first class rail fare by shortest route (assuming that the journey was performed by rail) or the amount actually spent on travel, whichever is less is exempt from tax.

- a. **Carry Over Concession** - If the assessee did not use LTA provided by his employer either once or twice (the permitted limit) in a 4 years block period, then he can still claim LTA exemption by using LTA in the year immediately succeeding the 4 years block period.

- b. **Limitation on LTA Exemptions –**

- Leave Travel Allowance covers only domestic travel, i.e. only within India. International travel is not covered under this.
- To claim LTA, the mode of travel should be either air, railway or public transport.
- LTA is provided for only travel expenses.
- Tax exemption on LTA cannot be claimed for more than 2 children on an individual. This restriction is not applicable if children are born before October 1st, 1998.
- Children born out of multiple births after the first child will be treated as one child only. So, the above mentioned restriction will not be applicable in this case also.

- c. **Block Year –** The Income tax dept. has created four year in a block to claim LTA. The employee can claim the LTA twice in a single block year. The current block year is 2022-2025.

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**6. Food Coupon** – The company follows multiple ways to make the employees lives easier and optimize the employee taxes. The food coupon policy is one of them where the company issues Meal Coupon to employees based on relevant denomination selected by the employee during the onboarding process. The food coupon value is part of the cost to the company and will reflect in the employee's compensation structure.

- a. The food coupon of the relevant denomination will be issued to employees on a monthly basis and the amount will be recovered from Paycheck.
- b. The employee can redeem the food coupon at Partner/Authorized Store or web Portal for the consumption of food and non-alcoholic beverages and employees should be liable if these are not used for the specified purpose.
- c. The food coupon should be used within the expiry period, the company won't be responsible for any financial loss to employee due to Food coupon expiry. The benefit is deemed to be passed to the employee once a valid food coupon is issued to the employee by the company.
- d. The resigned employees will be eligible to receive either the pro-rated amount of food coupon or the salary equivalent to prorated food coupon at the discretion on resigned employee.
- e. The maximum limit for food coupons will be 2200 per month.

**Disclaimer: If you opt for the NEW TAX regime, you will not be able to claim any of the above mentioned reimbursements under tax benefits.**