

EKATVAM ACADEMY
TEST PAPER 4: INCOME FROM SALARY
CA/CMA INTER [30 Marks]

QUESTION 1 [5 Marks]

Shri Bala employed in ABC Co. Ltd. as Finance Manager gives you the list of perquisites provided by the company to him for the entire financial year 2023-24:

- (i) Domestic servant was provided at the residence of Bala. Salary of domestic servant is Rs. 1,500 per month. The servant was engaged by him and the salary is reimbursed by the company (employer).
In case the company has employed the domestic servant, what is the value of perquisite?
- (ii) Free education was provided to his two children Sachin and Ashok in a school maintained and owned by the company. The cost of such education for Sachin is computed at Rs. 900 per month and for Ashok at ₹ 1,200 per month. No amount was recovered by the company for such education facility from Bala.
- (iii) The employer has provided movable assets such as television, refrigerator and air-conditioner at the residence of Bala. The actual cost of such assets provided to the employee is Rs. 1,10,000.
- (iv) A gift voucher worth Rs. 10,000 was given on the occasion of his marriage anniversary. It is given by the company to all employees above certain grade.
- (v) Telephone provided at the residence of Shri Bala and the bill aggregating to ₹ 25,000 paid by the employer.
- (vi) Housing loan @ 6% p.a. Amount outstanding on 1.4.2023 is ₹ 6,00,000. Shri Bala pays ₹ 12,000 per month towards principal, on 5th of each month.
Compute the chargeable perquisite in the hands of Mr. Bala for the A.Y. 2024-25.
The lending rate of State Bank of India as on 1.4.2023 for housing loan may be taken as 10%.

QUESTION 2 [5 Marks]

From the following details, find out the salary chargeable to tax for the A.Y.2024-25 assuming he exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A) - Mr. X is a regular employee of Rama & Co., in Gurgaon. He was appointed on 1.1.2023 in the scale of ₹ 20,000 - ₹ 1,000 - ₹ 30,000. He is paid 10% D.A. & Bonus equivalent to one month pay based on salary of March every year. He contributes 15% of his pay and D.A. towards his recognized provident fund and the company contributes the same amount. DA forms part of pay for retirement benefits.

He is provided free housing facility which has been taken on rent by the company at Rs. 10,000 per month. He is also provided with following facilities:

- (i) Facility of laptop costing ₹50,000.
- (ii) Company reimbursed the medical treatment bill of his brother of ₹25,000, who is dependent on him.
- (iii) The monthly salary of ₹1,000 of a house keeper is reimbursed by the company.
- (iv) A gift voucher of ₹10,000 on the occasion of his marriage anniversary.
- (v) Conveyance allowance of ₹1,000 per month is given by the company towards actual reimbursement of conveyance spent on official duty.
- (vi) He is provided personal accident policy for which premium of ₹ 5,000 is paid by the company.
- (vii) He is getting telephone allowance @ ₹ 500 per month.

QUESTION 3 [5 Marks]

Mr. X retired from the services of M/s Y Ltd. on 31.01.2024, after completing service of 30 years and one month. He had joined the company on 1.1.1994 at the age of 30 years and received the following on his retirement:

- (i) Gratuity Rs. 6,00,000. He was covered under the Payment of Gratuity Act, 1972.
- (ii) Leave encashment of ₹ 3,30,000 for 330 days leave balance in his account. He was credited 30 days leave for each completed year of service.
- (iii) As per the scheme of the company, he was offered a car which was purchased on 30.01.2021 by the company for ₹ 5,00,000. Company has recovered ₹ 2,00,000 from him for the car. Company depreciates the vehicles at the rate of 15% on Straight Line Method.
- (iv) An amount of ₹3,00,000 as commutation of pension for 2/3 of his pension commutation.
- (v) Company presented him a gift voucher worth ₹ 6,000 on his retirement.
- (vi) His colleagues also gifted him a Television (LCD) worth ₹ 50,000 from their own contribution. Following are the other particulars:
 - (i) He has drawn a basic salary of ₹ 20,000 and 50% dearness allowance per month for the period from 01.04.2023 to 31.01.2024.
 - (ii) Received pension of ₹ 5,000 per month for the period 01.02.2024 to 31.03.2024 after commutation of pension.

Compute his gross total income from the above for AY 2024-25 assuming he exercises the option of shifting out of the default tax regime provided under section 115BAC(1A).

QUESTION 4 [5 Marks]

Mr. Sagar who retired on 1.10.2023 is receiving Rs. 5,000 p.m. as pension. On 1.2.2024, he commuted 60% of his pension and received Rs. 3,00,000 as commuted pension. You are required to compute his taxable pension assuming:

- (a) He is a government employee.
- (b) He is a private sector employee and received gratuity of Rs. 5,00,000 at the time of retirement.
- (c) He is a private sector employee and did not receive any gratuity at the time of retirement.

QUESTION 5 [5 Marks]

Ms. Rakhi is an employee in a private company. She receives the following medical benefits from the company during the previous year 2023-24:

	Particulars	₹
1	Reimbursement of following medical expenses incurred by Ms. Rakhi	
	(A) On treatment of her self - employed daughter in a private clinic	4,000
	(B) On treatment of herself by family doctor	8,000
	(C) On treatment of her mother-in-law dependent on her, in a nursing home	5,000
2	Payment of premium on Mediclaim Policy taken on her health	7,500
3	Medical Allowance	2,000 p.m.
4	Medical expenses reimbursed on her son's treatment in a government hospital	5,000

5	Expenses incurred by company on the treatment of her minor son abroad including stay expenses	1,05,000
6	Expenses in relation to foreign travel of Rakhi and her son for medical treatment Note : Limit prescribed by RBI for expenditure on medical treatment and stay abroad is USD 2,50,000 per financial year under liberalized remittance scheme.	1,20,000

Examine the taxability of the above benefits and allowances in the hands of Rakhi.

QUESTION 6 [5 Marks]

Mr. Gupta retired on 1.12.2023 after 20 years of service and received leave salary of ₹ 5,00,000. Other details of his salary income are:

Basic Salary- ₹5,000 p.m. (₹ 1,000 was increased w.e.f.1.4.2023)

Dearness Allowance- 3,000 p.m. (60% of which is for retirement benefits)

Commission- ₹ 500 p.m

Bonus: ₹ 1,000 p.m

Leave availed during service: 480 days

He was entitled to 30 days leave every year.

You are required to compute his taxable leave salary assuming:

- (a) He is a government employee.
- (b) He is a non-government employee.