

Lec1 7Feb

- accrue = earned but not received
- due =

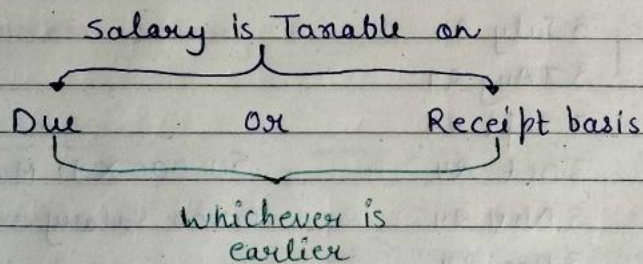
Chapter = 4
Income from Salaries

(1) What is taxable under the head salary?

Anything which a person receives due to the employer-employee Relationship is taxable under the head salary.

↓
Master-Servant Relationship.

(2) Charging Section 15



Examples :-

① PY 24-25 → CY/FY

Amt due on last day of the month ₹ 30,000 p.m

Rec. on 1st of the next Month.

Find gross salary.

1st April due 30 April

due = 30 Ap → Rec → 1st May.

30,000 × 12 Months

= 3,60,000 /-

② Shrushti Jain joined Txxo Ltd. on 1st Ap. 2024.

Monthly Salary = 50,000/-

It gets due on 3rd of the next Month & Rec. on the same day.

Find Gross salary for P.Y. 24-25.

1 April, to March 31, 2025

	due
April 24	3 May 24
May 24	3 June 24
June 24	3 July 24
July 24	3 Aug 24
Aug 24	3 Sept 24
Sept 24	3 Oct 24
Oct 24	3 Nov 24
Nov 24	3 Dec 24
Dec 24	3 Jan 25
Jan 25	3 Feb 25
Feb 25	3 Mar 25

Mar 25 } next year.

50,000 X 11 Months

Gross salary = 5,50,000

Taxable next year 25-26.

next year = 50K X 12 Month
= 6 Lakh

Feb 26 → Mar 26

Mar 26 → Apr 26 } next year.

③ Palak Jain joined Nasa India Ltd. on 1st Jun 24

@ Monthly Salary of ₹ 40,000 salary gets due on 2nd of the next Month.

Find Net salary for P.Y. 24-25 & 25-26.

(Old & New Regime)

Rebate → Tan Cal में discount tha.

24-25

Joining 1 June 24 ----- 31. Mar 2025
10 Month

June Due
 July
 |
March April 25 9 Months

9 months X 40,000

Gross salary = 3,60,000/-

Net Salary

Salary पर जो भी जो भी deduction (minus) करके
हिसाब में Tan Cal में Benefit है।

Standard deduction **Section 16 (ia)**

→ Tan Cal में income कम दिथायेगी.

Sec 16 (ia) → old → up to 50,000

→ New → up to 75,000 } **Amended.**

	<u>old</u>	<u>New</u>
Gross	360000	360000
	(50,000)	(75,000)
Net Salary	<u>3,10,000</u>	<u>2,85,000</u>

Net = Jitni salary
aayi hai ya
Jitna deduction
Amt hai utna
whichever is
Lower

↓
Example

Gross 35,000
dedn 35,000 only
0

Gross sal 775,000 (New Regime)

Stand dedⁿ (75,000)

Net sal. 7,00,000

T.I. →

31 → 0

41 → 20,000

Rebate → (20,000)

Tan = 0



25-26

Mar 25 --- → April 25

Ap 25 --- → May 25

Mar 26

$$\left. \begin{array}{l} \text{Mar 25} \rightarrow \text{Apr 25} \\ \text{Apr 25} \rightarrow \text{May 25} \\ \text{Mar 26} \end{array} \right\} 12 \text{ Months} \times 40,000 \text{ p.m.} \\ = 4,80,000$$

Net Salary =	old	New
	480,000	4,80,000
stand. ded ⁿ	(50,000)	(75,000)
	<u>4,30,000</u>	<u>4,05,000</u>

- (4) Aparna joined Adani insolvency ltd. on 1st Aug 2024
@ Monthly salary of ₹ 70,000.

The amt. gets due on last day of each month
& receive on 7th of the next month.

Find Net salary / Income under the head Sal.
for PY 24-25.

Old & New Regime.

Aug → Mar 8 month $\times 70,000 = 5,60,000$
8 Month.

Net Salary	<u>old</u>	<u>New</u>
	5,60,000	5,60,000
stand. ded ⁿ	<u>50,000</u>	<u>75,000</u>
	<u>5,10,000</u>	<u>4,85,000</u>

Lec 2 8 Feb

Pay scale system / Grade scale system

20,000 - 2,000 - 26,000 - 5,000 - 56,000

Join = 20,000 p.m.	} <u>For 12 Months</u> Salary Same.
22,000 p.m.	
24,000 p.m.	
26,000 p.m.	
+ 5,000	
31,000	
36,000	
41,000	

Eg ① Join 1st sept 2021

20,000 - 2,000 - 26,000 - 5,000 - 31,000

Find Net Salary for PY 24-25 (New Regime)

1 Apr 2024 - 31 Mar 2025 (PY 24-25)

1 sep 2021 - 31 Aug 2022 (12 Month from Joining) = 20,000 p.m.

1 sep 2022 - 31 Aug 2023 = 22,000 p.m.

1 sep 2023 - 31 Aug 2024 = 24,000 p.m.
1 Apr 2024 → 5 Mon = 24,000 p.m.

1 sep 2024 - 31 Aug 2025 = 26,000 p.m.
sep 2024 to Mar 2025 → 26,000 p.m.

1 Apr. 2024

31 Mar. 2025

$$1 \text{ Apr } 24 \text{ to } 1 \text{ Aug } 24 = 5 \text{ Month} \times 24000 \text{ p.m} = 120000$$

$$1 \text{ Sep } 24 \text{ to } 31 \text{ Mar } 25 = 7 \text{ Month} \times 26000 \text{ p.m} = 182000$$

$$\underline{\underline{302000}}$$

$$\text{Gross Sal.} = 302000$$

$$\text{Stand. ded}^n = \underline{75000} \quad (\text{New Regime})$$

$$\text{Net Salary} = \underline{\underline{227000}}$$

② Given scale

$$40000 - 3000 - 52000 - 5000 - 72000$$

Date of joining 1 Dec 2018

Find Net Salary for PY 24-25 (old Regime)

1 April 2024 — 31 March 2025

(12 Month from Joining)

$$1 \text{ Dec } 2018 \quad 30 \text{ Nov } 2019 = 40000 \text{ p.m}$$

$$1 \text{ Dec } 2019 \quad 30 \text{ Nov } 2020 = 43000 \text{ p.m}$$

$$1 \text{ Dec } 2020 \quad 30 \text{ Nov } 2021 = 46000 \text{ p.m}$$

$$1 \text{ Dec } 2021 \quad 30 \text{ Nov } 2022 = 49000 \text{ p.m}$$

$$1 \text{ Dec } 2022 \quad 30 \text{ Nov } 2023 = 52000 \text{ p.m}$$

$$1 \text{ Dec } 2023 \quad 30 \text{ Nov } 2024 = 57000 \text{ p.m}$$

$$8 \text{ Months} \times 57000 \text{ p.m}$$

$$1 \text{ Dec } 2024 \quad 30 \text{ Nov } 2025 = 62000 \text{ p.m}$$

$$4 \text{ Months} \times 62000 \text{ p.m}$$

1 Apr 2024

31 Mar 2025

$$\text{1 Dec 2023 to 30 Nov 2024} = 8 \text{ Months} \times 57000 \text{ p.m.} \\ = 4,56,000$$

$$\text{1 Dec 2024 to 31 Mar 2025} = 4 \text{ Months} \times 62000 \text{ p.m.} \\ = 2,48,000$$

Gross sal.	7,04,000
(old Regime) (-) stand ded ⁿ	(50,000)
Net salary	6,54,000

(3) Given scale

$$60,000 - 6,000 - 84,000 - 10,000 - 124,000$$

Date of joining = 1st sept 2017

Find PY 24-25 (New Regime) Net sales ??

1 April 2024 - 31 March 2025

$$1 \text{ sept } 2017 \quad 31 \text{ Aug } 2018 = 60,000 \text{ p.m.}$$

$$1 \text{ sept } 2018 \quad 31 \text{ Aug } 2019 = 66,000 \text{ p.m.}$$

$$1 \text{ sept } 2019 \quad 31 \text{ Aug } 2020 = 72,000 \text{ p.m.}$$

$$1 \text{ sept } 2020 \quad 31 \text{ Aug } 2021 = 78,000 \text{ p.m.}$$

$$1 \text{ sept } 2021 \quad 31 \text{ Aug } 2022 = 84,000 \text{ p.m.}$$

$$1 \text{ sept } 2022 \quad 31 \text{ Aug } 2023 = 94,000 \text{ p.m.}$$

1 sept 2023 31 Aug 2024 1,04,000

1 sept 2024 31 Aug 2025 1,14,000

1 Apr 2024

31 Mar 2025

1 Apr 2024 to 31 Aug 2024 = 5 Months x 1,04,000
= 1,14,000

1 sept 2024 to 31 Mar 2025 = 7 Months x 1,14,000
= 7,98,000

Gross salary	13,18,000
(New Regime) Stand ⁿ ded ⁿ	(75,000)
Net salary	<u>12,43,000</u>

NOTE :- Advance salary vs Advance against the salary



Loan

↳ Not taxable

Q Priya Tiwari is earning ₹ 65,000 pm as Salary. In March 2025, she took 2 Months Salary as advance.

Find Gross salary for PY 24-25 & 25-26.

Monetary Benefit → Allowances (Movies tickets ke ₹ de diya)
 Non - " " → Perquisites (Movies tickets de di)

For PY 24-25

April to March

whichever is earlier { Due on Rec. } $12 \text{ month} \times 65000 \text{ pm} = 7,80,000$
 $2 \text{ Month} \times \text{sal. adv. rec.} = 1,30,000$
 $(2 \text{ mon} \times 65000)$
 Gross sal. 9,10,000

For PY 25-26

$12 \text{ Month} \times 65,000 = 7,80,000$
 $2 \text{ Month} \times 65,000 = (1,30,000)$ (But 2 month last year taxable)
 Gross sal. 6,50,000

Lec 3 8 Feb

* Retirement Benefits

(1) Leave Encashment :- (Cal. both 4 limits → lowest limit
 exempt EI
 छान्द)

24-25

12 Months work. Assume leave 2 days per month

April

'2'

May

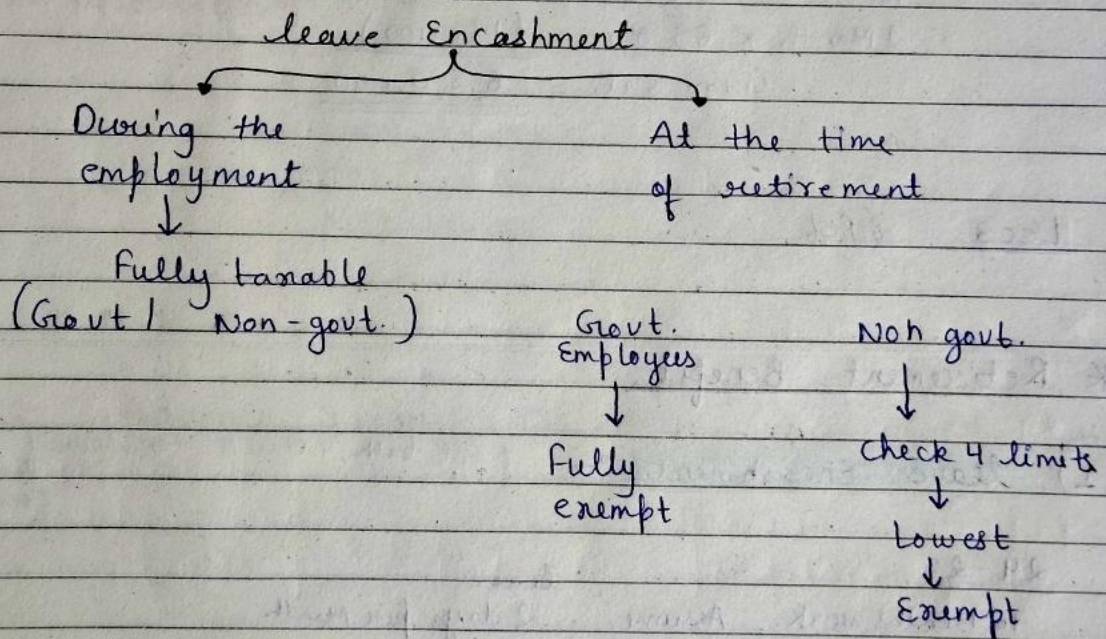
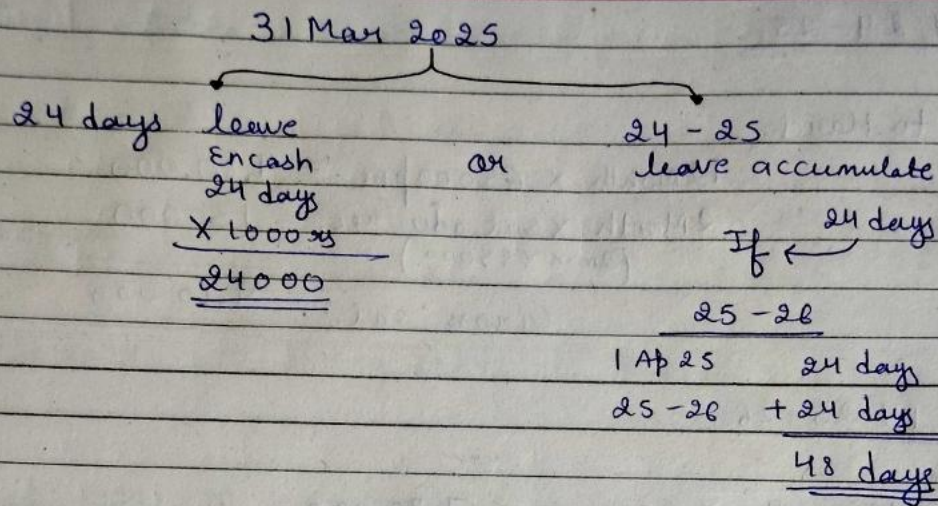
+ '2'

March

$12 \text{ Months} \times 2 \text{ days} = 24 \text{ days}$

(Paid leave) → accumulate

(इसकी भी सीमा है ₹ 30 लाख)



⇒ 4 limits

(i) Statutory limit → 25 days (is fixed)
(legal)

(ii) Actual received.

(iii) last 10 Months Avg sal. $\times 10$

Basic + Conditional Dearness allowance
+ Fixed % of Comm. Tlo.

$$\frac{(\text{last 10 Month salary})}{10} \times 10 \text{ times}$$

Salary ??

Basic
Salary

Conditional
Dearness
allowance $\rightarrow$ (QIER की 31 मार्च)
Change
 $\rightarrow$ Monetary
allowance

Fixed %
Commission on
Turnover / sales

D.A = which forms part of the retirement benefits

D.A = which forms part of the salary

DA = which forms part of the Pay.

Dearness allowance

(जहाँ ग्रा Employee रहता है वहाँ
Inflation Rate लगाना है जो
Employer $\rightarrow$ employee को देता है)

Amt is
given for inflation

Monetary
Benefits

Eg

① Basic Sales = ₹ 50,000 p.m.

DA = ₹ 30,000 p.m.

↓
Conditional D.A 40%

$$\rightarrow 30,000 \times 40\% = 12,000 \text{ p.m.}$$

⇒ Fixed % Commission on Turnover :-

- Rec ₹ 15,000 pm fixed as Comm on T/O → **NO**
 - Rec 7% Variable Comm on T/O → **NO**
 - Rec 6% fixed Comm on profit → **NO**
 - Rec 4% Comm. on T/O → **Yes**
- Tan
Calc mai
add
↓
Yes/No

Eg ① Find 3rd limit of leave encashment.

Tejas retired on 28 Feb, 2025

Monetary Salary = ₹ 60,000 pm
Monthly

D.A = ₹ 20,000 pm

70% is Conditional

(Kuch nai
bata to
fixed
Maanenge)

T/O for last 10 Months ₹ 40 lakh % Comm on 2%.

$$\frac{\text{last 10 month Salary}}{10} \times 10$$

• Basic Salary = $60,000 \times 10 \text{ months} = 6,00,000$

• Conditional D.A.

$20,000 \text{ p.m} \times 70\% = 14,000 \text{ p.m} \times 10 \text{ months} = 1,40,000$

• Fixed % Comm on T/O.

$40 \text{ lakh} \times 2\% = 80,000$

8,20,000

$\left[\frac{8,20,000}{10} \right] \times 10$

$$\text{Avg } 82000 \times 10 \text{ times} = 8,20,000$$

(iv)

$$\left(\frac{\text{Total leaves allowed} - \text{Total leaves availed}}{30} \right) \times 10 \text{ months Avg Sal.}$$

Just an example

$$\left(\frac{450 \text{ days} - 180 \text{ days}}{30} \right) \times 10 \text{ Avg Sal.}$$

$$\Rightarrow \frac{270 \text{ days}}{30} \times 82,000 \left(\frac{8,20,000}{10} \right)$$

divide because $\rightarrow$ (Avg total in 10 months)

$$\Rightarrow '9' \rightarrow \text{(Converting into Months)}$$

$$\Rightarrow 9 \times 82000 = 7,38,000$$

(Months $\rightarrow$ ignore)
 $\frac{10 \text{ yrs}}{8 \text{ months}} \times 25 \text{ days}$
 $= 250 \text{ days}$
 Max 30 days $\rightarrow$ Count

$\Rightarrow$ Calculation of no. of days allowed :-

(i) 10 yrs $\times$ 24 days leave = 240 days

(ii) 10 yrs $\times$ 7 Months $\times$ 28 days (per year $\times$ 2 days each) = 280 days
 $\rightarrow$ ignore fraction

(iii) 13 yrs $\times$ 10 Months $\times$ 29 days (per year) = 377 days
 $\rightarrow$ ignore fraction

(iv) 10 yrs $\times$ 32 days (per year) = (Max. 30 days per year allowed)
 $\text{10 yrs} \times 30 \text{ days} = 300 \text{ days}$

(v) 11 yrs 8 months $\times$ 33 days (per day)

$$11 \text{ yrs} \times 30 \text{ days (max)} = 330 \text{ days}$$

Eg ① A Retired on 31 Mar 2025

- Basic Salary = ₹ 20,000 p.m
- DA = ₹ 10,000 p.m (30% is Conditional)
- T/o for last 10 months ₹ 35 lakh
1% Commission 1%
- Duration of Job = 9 yrs 3 Months
- leaves allowed per year = 32 days per year
- leaves availed total = 24 days
- leave encashment rec on retirement = ₹ 21,74,000

Find taxable leave encashment.

→ 3rd limit

• Basic salary
 $20,000 \times 10 \text{ Months}$ 200,000

• Conditional D.A
 $\frac{\text{DA}}{10,000} \times 30\% = 3000 \times 10$ 30,000

• Fin 1% Comm on T/o
 $35 \text{ lakh} \times 1\%$ 35,000

265,000

$$\left(\frac{265,000}{10} \times 10 \right) \rightarrow \underline{\underline{265,000}}$$

→ 4th limit

9 yrs 3 months x 32 days

→ Counted Max 30 days.

$$\left(\frac{270 - 24}{30} \right) \times 265000$$

→ (Avg)

$$= \underline{2,17,300}$$

Rec
exempt

2,17,4000

Start limit 251

(2,17,300)

Rec 2,17,4000

1,95,6100

3rd limit 265000

Taxable

4th limit 2,17,300

Leave
encashment

Homework

Q. Sowrabh retired on 31st Aug 2024

• His Basic salary was ₹ 25,000 p.m

• D. allowance is ₹ 8000 p.m

• 40% is Conditional

(Convert into 10 months)

• TLo for the year ₹ 24 lacs (12 months)

$$(24 \text{ lakh} \times 3\%) \times \frac{10}{12}$$

$$= 60,000$$

• % Comm 3%

• Total yrs of service 11 yrs 11 months

• Leaves allowance per year 34 days per year

• Total leaves availed 67 days

• Leave encash rec. on retirement ₹ 27,00,000

Find taxable leave encash.

Homework solution

$$1^{\text{st}} \text{ limit} = 25 \text{ lakh}$$

$$2^{\text{nd}} \text{ limit} = 27,00,000$$

$$3^{\text{rd}} \text{ limit} = \frac{\text{last 10 month salary} \times 10}{10}$$

$$\begin{aligned} \text{Basic salary} &= 25,000 \times 10 \text{ month} \\ &= 2,50,000 \end{aligned}$$

$$\begin{aligned} \text{Conditional DA} &= \text{DA} \quad (3200 \times 10 \text{ months}) \\ 8000 \times 40\% &= 3200 \end{aligned}$$

Fin % Commission on T10

$$\frac{242 \times 3\% \times 10 \text{ men}}{12 \text{ men}} = \frac{60,000}{34,200}$$

4th limit

$$\left(\frac{\text{Total leaves allowed} - \text{availed}}{30} \right) \times 10 \text{ months avg salary}$$

$$\left(\frac{(11 \times 30 \text{ days}) - 67 \text{ days}}{30} \right) \times 34,200$$

$$\frac{330 - 67}{30} \times 34,200$$

$$\frac{263}{30} \times 34200$$

$$= 2998.20$$

Exempt :-

(i) 25 lakh

(ii) 27,00,000

(iii) 34,2000

(iv) 2998.20

$$\begin{array}{r} \text{less lowest : } 27,00,000 \\ \quad \quad \quad (2998.20) \\ \hline \quad \quad \quad 24,00,180 \\ \downarrow \end{array}$$

Taxable leave encashment.

Lec 4 10 Feb

Q Find Net salary in the above case as per the New Regime :-

- Basic Salary $25,000 \text{ p.m} \times 5 \text{ month} = 1,25,000$
- Dearness allowance $8,000 \text{ p.m} \times 5 \text{ month} = 40,000$
- Commission $= 24 \text{ lak} \times 3\% \times \frac{5 \text{ month}}{12 \text{ month}} = 30,000$
- leave encashment Taxable $= 24,00,180$
Gross salary $= 25,95,180$
New Regime (-) stand. dedⁿ $= (75,000)$
(115BAC) Net salary $= 25,20,180$

Que :- Kritika joined Hardik walia Ltd. on 1st Nov 2011.

- $\rightarrow 24 \text{ Apr to } 31 \text{ Dec } 24$ (9 months)
- she retired on 31 Dec 2024 (9 months)
 - Basic salary $\text{₹ } 40,000 \text{ p.m}$ (calc. on for leave encash)
 - DA $= 15,000 \text{ p.m}$ (20% of it is Conditional) (x 9 months)
 - T/o for the year 80 lakh (12 Month)
 - % Commission 7%
 - Total leaves availed = 68 days
 - leaves allowed per year = 29 days
 - leave encashment rec. $\text{₹ } 21,00,000$ on retirement

Find taxable leave encashment. (old regime)

Find net salary in the above case

→ 3rd limit

- Basic Salary 4,00,000
(40,000 × 10)
- Cond. DA 30,000
[15,000 × 20% (30,000 × 10)]
- Fin % Comm. on T. Over 466,666.06
802 × 7% × $\frac{10}{12}$

896,667

$$\left(\frac{896,666.67}{10} \times 10 \right)$$

$$= 896,666.67$$

→ 4th limit

$$\left(\frac{377 - 68}{30} \right) \times 896,666.67 \Rightarrow 92,3567$$

Rec.

21,00,000

- (i) Start limit 80 lakhs
- (ii) Received 21,00,000
- (iii) 3rd limit 89,66,666.67 (89,66,667)
- (iv) 4th limit 92,35,67

Taxable leave
encashment

12,03,333

Net Salary in the above Case :-

<u>Particulars</u>	<u>Amt.</u>
• Basic Salary. $40000 \times 9 \text{ Month}$	3,60,000
• DA $5000 \times 9 \text{ month}$	1,35,000
• Conm = $80\% \times 7\% \times \frac{9 \text{ mon}}{12 \text{ mon}}$	4,20,000
• leave encashment Taxable	1,20,333
Gross Salary	2,118,333
(old Regime) (-) deduction	(50,000)
Net Salary	<u>2,068,333</u>

Tax liability :-

Round off 288A = 2,068,330

$$\begin{array}{r}
 10\% = 1,12,500 \\
 2,068,330 \times 30\% = 3,20,499 \\
 \hline
 4,32,999 \\
 + 4\% = 1,73,199.96 \\
 \hline
 6,06,198.96 \\
 \hline
 4,50,318
 \end{array}$$

Round off U/s 288B = 4,50,320

⇒ [POGA ⇒ Payment of Gratuity Act]

⇒ Last drawn salary ⇒ Retiree se last Pehle wala Month.

(2) Gratuity :-

Gratuity

(min 5 year Job Retire → lumpsum)

During the employment (Job se Girelat)

Retirement

(Govt / Non Govt.)

Fully taxable

Govt. emp.

Fully exempt

Non-Govt. emp.

Check

Covered under POGA.

Not Covered under POGA.

3 limits

Covered under POGA

Not Covered under POGA

3 limits

(1) Actual receive

(2) Statutory limit 20 lakh

$$(3) \frac{15}{16} \times \text{last drawn Salary} \times \text{No. of Years of Service}$$

Basic Salary + ~~Dear~~ Full DA

> 6 Months = 1 year

(1) Actual receive

(2) Statutory limit 20 lakh

$$(3) \frac{15}{30} \times \text{Last 10 Months Avg Salary} \times \text{No. of yrs of Service}$$

(Ignore fraction)

Salary

Basic Salary + Full DA + Fix 4. Comm on Tlo.

Note :- If nothing is mentioned in the Que we Consider the employee is 'Not Covered under POGA'.

> 6 Month = 1 year

Job

10 year 7 Month = 11 year

10 year 3 Month = 10 year

10 year 6 Month = 10 year

10 year 6 Month 1 day = 11 year

Que Lipika retired on 31 July 2024

Basic Salary = ₹ 90,000 p.m

DA = ₹ 40,000 p.m

Cond. DA = ₹ 15,000 p.m

% Comm = 4%

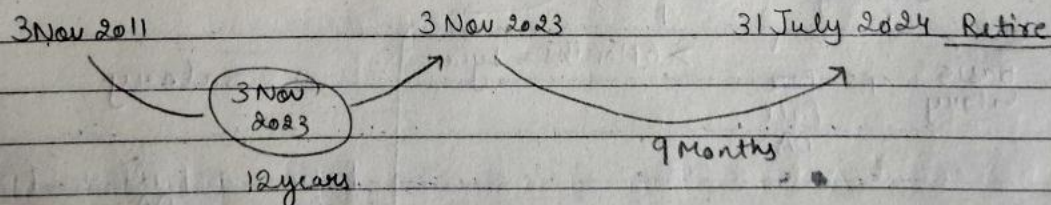
Date of Joining 3rd Nov 2011

Gratuity amt received ₹ 23,40,000 on retirement

Find taxable gratuity. If :-

(a) Covered POGA.

(b) Not Covered POGA



2023
- 2011

12 year + 9 Month = 13 year

3rd limit $\Rightarrow$ Covered under POGA :-

$$\frac{15}{28} \times \text{last drawn Salary} \times \text{No. of yrs of Service.}$$

(> 6M = 1 year)

$$\frac{15}{28} \times (90,000 + 40,000) \times 13 \text{ year.}$$

$$\frac{15}{28} \times 130,000 \times 13 \text{ year} \Rightarrow \boxed{975,000 \text{ rs}}$$

- Actual rec. 23,40,000
- Statutory limit 20,00,000
- 3rd limit. 975,000

$$\begin{aligned} \text{Actual Rec} &\longrightarrow 23,40,000 \\ (-) \text{lowest above} &\longrightarrow (975,000) \\ &\text{(3 limits)} \end{aligned}$$

$$\text{Taxable Gratuity} \longrightarrow \boxed{13,65,000}$$

$$\text{Taxable Gratuity 'Covered under POGA'} \Rightarrow \boxed{13,65,000}$$

3rd limit $\Rightarrow$ Not Covered under POGA :-

$$\frac{15}{30} \times \text{last 10 Month Salary} \times \text{No. of yrs of service}$$

10 $\rightarrow$ (Avg $\div$ 10)

$$\text{Salary} \Rightarrow \text{Basic Salary} = 90,000 \times 10 \text{ month} = 9,00,000$$

$$(+)\text{ Cond. DA} = 15,000 \times 10 \text{ month} = 1,50,000$$

$$(+)\text{ \% Comm on T/o}$$

$$\text{Total} \times 4\% \times \frac{10 \text{ m}}{12 \text{ m}} = \underline{2,33,333}$$

$$12,83,333$$

$$\text{Avg} \div 10$$

$$12,83,33.33$$

$$\frac{15}{30} \times 12,8333.33 \times 12 \text{ year (ignore fraction)}$$

$$= 7,69,999$$

$$\Rightarrow 7,70,000$$

- Receive $\longrightarrow$ 23,40,000
- Statutory limit $\longrightarrow$ 20,00,000
- 3rd limit $\longrightarrow$ 7,70,000

Actual Rec 23,40,000
 (-) lower above (7,70,000)
 (3 limits)

Taxable gratuity 15,70,000

Taxable gratuity 'Not Covered under POGA' $\Rightarrow$ 15,70,000

Homework

- Shreya retired on 30 Nov, 2024.
- Monthly Salary was ₹ 29,000 pm
- D. allowance = 50% of Basic salary
(70% of which is Conditional)
- Tlo for the year = ₹ 17 lakhs
- % Comm. is 4%
- Date of joining 17 June, 2014
- leaves allowed per year = 27 days
- Total leaves availed = 51
- leave encash recd. = ₹ 5,70,000

Find Net Salary for

Homework Solution

- Date of Joining = 17 June 2014
- Retirement = 30 Nov 2024

17 June 2014

30 Nov 2024

$$\begin{array}{r} 2024 \\ - 2014 \\ \hline 10 \text{ years} \end{array}$$

- (i) 1st limit → 25 lakh
- (ii) 2nd limit → 5,70,000
- (iii) 3rd limit → $\frac{\text{last 10 month salary} \times 10}{10}$

$$\text{Basic Salary} = 29000 \times 10 \text{ month} = 2,90,000$$

$$\begin{aligned} \text{Conditional DA} &= 14500 \times 70\% \times 10 \text{ month} \\ &= 1,01,500 \\ &\quad \left(\begin{array}{l} 29000 \times 50\% \\ = 14,500 \end{array} \right) \end{aligned}$$

$$\begin{aligned} \text{Fin \% Commission on Tlo} &= 56,666.666 \\ &\quad \frac{178 \times 4\% \times 10 \text{ mon}}{12 \text{ mon}} \\ &\quad \underline{4,48,166.66} \\ &\quad \underline{4,48,170} \end{aligned}$$

(iv) 4th limit $\rightarrow$

$$\left(\frac{\text{Total leaves allowed} - \text{Total leaves availed}}{30} \right) \times \frac{10 \text{ Monthly avg. Salary}}{10}$$

$$\frac{(10 \times 27 \text{ days}) - 51}{30} \times \frac{4,48,166.66}{10}$$

$$\frac{219}{30} \times 448166.66$$

$$7.3 \times$$

$$= 3,27,161.666$$

→ leave encashment :-

5,70,000

4 limits

1st 25 lakh
2nd 5,70,000
3rd 4,48,166.66
4th 3,27,161.66

(3,27,161.66)

24,28,338.333



24,28,338.333

Taxable leave encashment.

→ Net Salary

Particulars	Amount ₹
Basic Salary (29000 x 8m)	232000
Dearness allowance (14500 x 8m)	116000
Commission $(172 \times 4\% \times \frac{8 \text{ mon}}{12 \text{ mon}})$	45333.33
leave encashment taxable	24,28,338.09
amt. Gross salary	₹ 63,6170
less (SD) stand ded ⁿ	(75000)
Net salary	<u>561170</u>

Lec 5 - 11 Feb

* Note for leave encashment :-

The statutory limit of ₹25 lakhs is life time limit

Eg Job 1
leave
encash
-ment = 20 lakhs
Rec.

∴ 20l exempt

New in Job 2
leave
encash
-ment = 9 lakhs
Rec.

∴ 15l max exempt

* For all Calculation :-

- If nothing is mentioned in the Que for D.A, we consider, in the Que for DA, - we it as Full DA and not Conditional.
- If not mentioned employee is Govt. / Non-Govt. we will consider it as Non-Govt.

Que:- Kusum retired on 31st Jan 2025.
Basic Salary ₹ 2 lakh per month
DA = 80,000 pm (30% is Conditional)
Tlo for the year = ₹ 30 lakhs
% Commission = 6%.
Gratuity received for ₹ 24 lakhs
No. of Years of Service 14 years & 8 months

Find taxable gratuity

- if person is Covered under POGA
- also if not Cover under POGA

Solⁿ (i) POGA

$$\frac{15}{26} \times \text{Last D. Salary} \times \text{Yrs of service (} > 6 \text{ mon} = 1 \text{ year)}$$

Basic + D allowance

$$\frac{15}{26} \times (200000 + 80000) \times 15 \text{ years}$$

$$\frac{15}{26} \times 2,80,000 \times 15 \text{ years}$$

$$= 2423076.9 \rightarrow \boxed{\text{₹} 2423077}$$

Received

24,00,000

• Rec. 24 lakh

• Statutory 20 lakh (20 lakh)

• 3rd limit 2423077

4,00,000 → Taxable

(ii) Not POGA

$$\frac{15}{30} \times \text{Last 10 month Aug sal.} \times \text{Yrs of Service.}$$

$$\text{Salary Basic } 2l \times 10 \text{ mon} = 20,00,000$$

$$\text{D.A} = 80,000$$

$$\text{Cond. DA} = \times 30\%$$

$$= 24000 \times 10 \text{ m} = 2,40,000$$

$$\% \text{ Comm } 6\% \times 30l \times \frac{10 \text{ m}}{12 \text{ m}} = 1,50,000$$

$$\underline{\underline{23,90,000}}$$

Average

2390000

$\div 10$

2,39,000

$$\frac{15}{30} \times 239000 \times 14 \text{ yrs } 8 \text{ month} \rightarrow \text{Ignore fraction}$$

$$= 16,73,000 \rightarrow 3^{\text{rd}} \text{ limit}$$

Rec.

24,00,000

Basic sal. 24l

stat. limit 24l

3rd limit 1673000 (1673000)

12,70,000 $\rightarrow$ Taxable.

(3) Pension :-

Pension

Commuted

Pension



Lumpsum amount

Govt /
Defence /



fully
exempt

Non Govt
Employee



Check

Receiving
Gratuity



Not rec.
Gratuity



Un Commuted

Pension



Monetary Pension



Fully taxable
(Govt / Non-Govt)

Exempt

$$\frac{1}{3} \times \text{amt rec} \\ (33.33\%) \text{ \% Commuted}$$

$$\frac{1}{2} \times \text{amt rec} \\ (50\%) \text{ \% Commuted}$$

Ques:- Diksha received Pension in lumpsum @60% amounting to ₹ 6 lakhs.

Find taxable pension if :-

- (i) Rec. Gratuity
- (ii) Not Rec. Gratuity.

Solⁿ (i) Grat. Received.

$$\begin{array}{rcl} \text{Pension amt Rec.} & & 6,00,000 \\ \text{exempt} = \frac{1}{3} \times \frac{6 \text{ lakh}}{60\%} & = & (333,333) \text{ exempt} \end{array}$$

$$\frac{1}{3} \times 10 \text{ L.}$$

$$\downarrow \text{Calci} \Rightarrow \frac{6 \text{ L.}}{0.6} = 10 \text{ L.}$$

$$\underline{\underline{266,667}} \text{ Taxable.}$$

(ii)

$$\text{or } \frac{6 \text{ L.}}{60\%} = 10 \text{ L.}$$

Pension

$$6,00,000$$

$$\text{Exempt } \frac{1}{2} \times \frac{6 \text{ L.}}{60\%}$$

$$(5,00,000) \text{ exempt}$$

$$\frac{1}{2} \times 10 \text{ L.}$$

$$\underline{\underline{1,00,000}} \text{ Taxable}$$

Que Retirement Date = 31 Aug 2024
 Basic salary = ₹70,000 p.m
 Pension = ₹40,000 p.m

Find taxable pension & Net Salary, New Regime.

→ Basic Salary

$$70000 \times 5$$

$$40000 \times 7$$

$$350000$$

$$280000$$

Gross salary

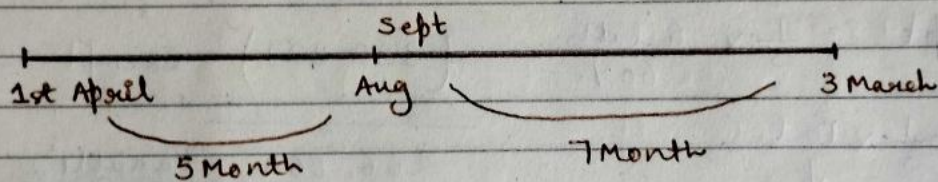
$$630000$$

New Regime

$$(75,000)$$

Net salary

$$5,55,000$$



Que Ridhi Retired on 31st July 2024

Monthly pension was ₹20K

On 1st Jan 2025 she Commuted 30% of Pension and received ₹90,000.

Find taxable pension for FY 24-25

Lumpsum

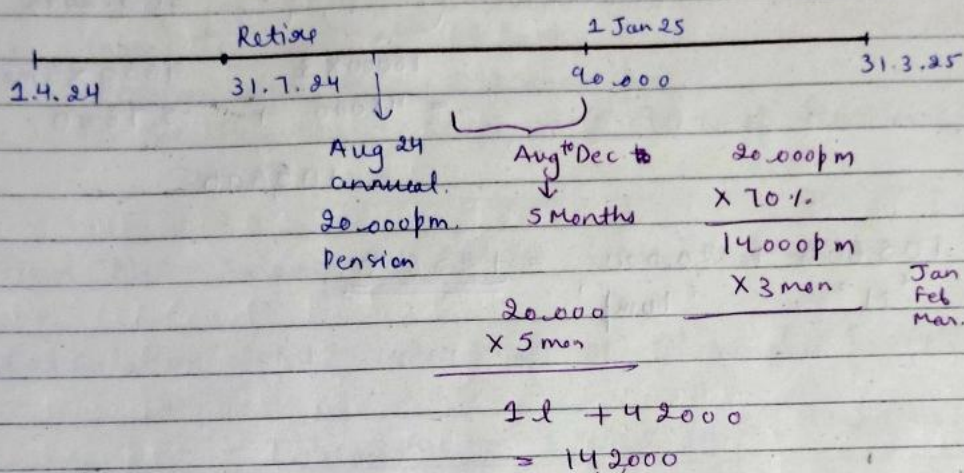
Pension Amt rec. grat. net Rec.

$$90,000$$

$$\frac{1}{2} \times \left(\frac{90000}{30\%} \right)$$

$$\frac{1}{2} \times 3.1 \rightarrow 150000 \text{ exempt}$$

Exempt ?? 1.5 lakh Jh
 Rec. any 30,000
 ∴ fully exemption.

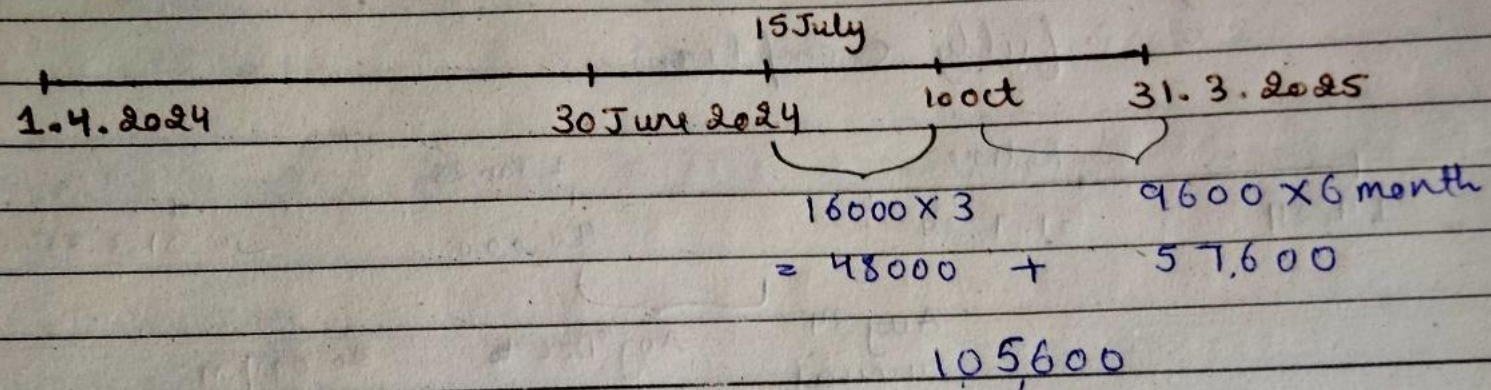


Que :- Prakash retired on 30 June
 Pension rec. = ₹ 16,000 pm
 On 1st Oct 2024 he got 40% of Pension Commuted
 & rec. ₹ 1,20,000
 Find taxable Pension for PY 24-25 if Great. Rec.
 for ₹ 6 lakhs.

→ lump sum

$$\begin{aligned}
 &\text{amt Received} = 1,20,000 \\
 &\text{Taxable} = \frac{1}{3} \times \frac{1,20,000}{40\%} = 1,00,000 \\
 &\text{Taxable} \Rightarrow 20,000
 \end{aligned}$$

Monthly



$$\begin{array}{ccc} 105600 & + & 20,000 \\ \text{'M'} & & \text{'lump'} \end{array} = \underline{\underline{125,600}}$$

Lec 6 12 Feb

Ques- Divyanshu retired on 1st Aug, 2024.

Position

Monthly sal = ₹70,000 pm

DA = ₹20,000 pm (100% is Conditional)

Years of Service = 17 years 11 month

Gratuity rec. = ₹19 lakhs

Pension amt rec. ₹25,000 pm

On 1st Feb 2025 Commuted 70% of Pension x rec.
₹5,60,000

Find Net salary PY 24-25 (New Regime)

→ Calculation of Net salary of Mr. Divyanshu for PY 24-25

1 Apr. 2024 to 1 Aug 2024 (4 Months)

Particulars	Amt ₹)
• Basic Salary (₹70,000 X 4 months)	2,80,000
• D.A. (₹20,000 X 4 months)	80,000
• Gratuity taxable (WN1)	11,35,000
• Pension Monthly (WN2)	165,000
• Pension lump sum (WN3)	29,33,333
Gross salary	19,53,333
less stand. ded ⁿ u/s 16 (ia)	(75,000)
Net salary	18,78,333

Round off XX
Total

WN 1 Calculation of Gratuity :-

Since nothing is mentioned in the question we assume it is not covered under Payment of gratuity Act.

→ Calculation of Limits

$$\bullet \text{ 3rd limit} = \frac{15}{30} \times \frac{\text{last 10 months}}{\text{Avg Salary}} \times \text{yrs of service}$$

$$\bullet \text{ Salary} = \begin{array}{l} \text{Basic} \quad 70,000 \times 10\text{m} = 7,00,000 \\ \text{Cond. DA} \quad 20,000 \times 10\text{m} = 2,00,000 \end{array}$$

Avg

$$\frac{9,00,000}{10} = 90,000$$

$$\frac{15}{30} \times 90,000 \times 17 \text{ years (ignoring fractions)}$$

$$\Rightarrow 76,500 \text{ rs.}$$

Calculating Taxable Amt :-

$$\Rightarrow \text{Gratuity amt rec.} \quad 19,00,000$$

3rd limits

Actual rec. 19.lakhs

statu limit 20l

3rd limit 765000 (765000)

Taxable Gratuity 11,35,000

WN 2 Calculation of Monthly taxable pension

$$1 \text{ Aug 24 to } 31 \text{ Jan 2025} = 25000 \text{ pm} \times 6 \text{ month} \\ = 150000$$

$$1^{\text{st}} \text{ feb to Mar 2025} = 25000 \times 30\% \times 2 \text{ mon.} \\ = 15000$$

(70% lumpsum
∴ Remaining 30% recd)

$$\underline{\underline{1,65,000}}$$

WN 3 Calculation of lumpsum Pension received

Amt. recd

$$5,60,000$$

less Exempt (Gratuity is recd)

$$\frac{1}{3} \times \frac{\text{amt rec.}}{\% \text{ Committed}}$$

$$\frac{1}{3} \times \frac{5,60,000}{70\%}$$

$$(2,66,667)$$

Taxable amt.

$$\underline{\underline{2,93,333}}$$

Employer को Respect से
को. से Total Mont

(4) Voluntary Retirement Scheme : — (VRS)

1st Actual received

2nd Statutory limit 5,00,000 rs

Past
↓
(Kitha yrs Kaan Kia)
3rd No. of yrs of service $\times$ 1 Month Salary $\times$ 3 Month
(Completed yrs Ignore fraction)

Future
(Kitha Months Baaki hai)
4th Months remaining till retirement $\times$ 1 Month Salary
Basic Cond. DA
Fin. % Comm. on TLo

Que Basic 40,000 pm
Cond DA 15,000 pm
TLo 30 lakh
% Comm 5%

Job Completed 21 yrs 11 months
Remaining years 4 yrs
VRS received 11 lakhs

Find taxable VRS amount.

$$30 \times 5\% \times \frac{1}{12m} = 12500$$

3rd limit

$$21 \text{ years} \times \left(\overset{1 \text{ month}}{40,000} + \overset{1 \text{ month}}{15,000} + \overset{1 \text{ month}}{12,500} \right) \times 3$$

=

$$= 4,25,200$$

4th limit Remaining month x 2 salary

4yr 48 month x 67500
↓ ↑
(4yr x 12 moth) = 32,40,000

Amt. Received

11,00,000

- Limit sec. 11 lakh
- Statutory 5 lakh
- 3rd 42,52,500
- 4th 32,40,000

(5 lakh)

Taxable

6,00,000

* Allowances (Monetary benefit)

(2) Allowance which is partially taxable / partially exempt.

House Rent allowance $\rightarrow$ HRA

HRA Rec. $\times \times \times$
Exemption $\rightarrow$ 3 limits
 $\rightarrow$ Lowest

(i) Actual HRA Received

(ii) Rent Paid - 10% of salary

(leave encashment)
Basic
+
Cond DA
+
Fin % Comm on Tlo

(iii) 40% / 50% of salary

(otherwise normal 40%)

$\downarrow$
Metrocity (Mumbai / Delhi / Chennai / Kolkata)

Que:- Karatik is working in nagpur @ Monthly Salary of ₹35,000.

DA = ₹10,000 p.m (20% is Conditional)

HRA Rec = ₹21,000 p.m

Rent paid = ₹19,000 p.m

Find taxable HRA for PY 24-25

- HRA Rec.

$$21000 \text{ pm} \times 12\text{m} = \underline{\underline{252000}}$$

- Rent paid - 10% of salary

$$\text{Salary} = \text{Basic } 35000 \text{ pm} \times 12\text{m} = 4,20,000$$

$$\text{Cond. DA } 2000 \times 12\text{m} = \underline{24000}$$

$$\underline{\underline{444000}}$$

Rent paid

$$19000 \text{ pm} \times 12\text{m} = 2,28,000$$

$$2,28,000 - 10\% \text{ of salary}$$

$$2,28,000 - 444000 \times 10\%$$

$$2,28,000 - 44400$$

$$= \boxed{1,83,600} \rightarrow \underline{\underline{\text{2nd limit.}}}$$

3rd limit $\rightarrow$

$$40\% \text{ of salary (Non metro City)}$$

$$444000 \times 40\%$$

$$= \boxed{1,77,600}$$

HRA Recd

$$252000$$

$$\cdot \text{Rec } 252000$$

$$\cdot \text{2nd limit } 183600$$

$$\cdot \text{3rd limit } 177600$$

$$\underline{\underline{(177600)}}$$

Taxable

$$\underline{\underline{74400}}$$

Que:- Dewanshi is working in Pune ~~Cond~~
(under Construction Metro work)

Basic salary ₹ 30,000 pm

Cond. DA 25% of Basic

HRA rec. ₹ 30,000 pm

Rent Paid ₹ 26,000 pm

Find taxable HRA for 24-25

(i) HRA Recd

3,60,000

30,000 X 12 mon

(ii) Rent paid - 10% of salary

~~26,000 pm - 10% of salary~~

~~45,000 X 10% = 45,000~~

(30,000 + 7,500 Cond DA)

Basic

(37,500)

(30,000 X 25%)

26,000 - 37,500 pm

22,250 X 12 month

= 2,67,000

(iii) Pune 40% of salary

45,000 X 40% X 12 month

= 1,80,000

Rec.
Exemptt

3,60,000
(1,80,000)

Taxable

1,80,000

Ques: Sweety joined Dr. PATH Labs Ltd. on 1st Aug 2024 in Chennai.

(Basic) Monthly Salary = ₹ 28000 pm

HRA received = ₹ 23000 pm

Rent Paid = ₹ 25000 pm.

Find taxable HRA for PY 24-25.

Aug to Mar = 8 Month.

3 limits → Join 1 Aug.

(i) Actual HRA rec.

$$23000 \times 8 \text{ month} = 184000$$

(ii) Rent paid - 10% of Salary

$$25000 - 10\% \text{ of } (28000) = 177600$$

$$25000 - 2800$$

$$22200 \times 8 \text{ month}$$

(iii) Chennai 50% of salary

(50% of 28000)

$$14000 \times 8 \text{ month}$$

$$= 112000$$

Rec.
Exempt

184000

(112000)

Taxable HRA

72000

NOTE :-

- (i) HRA is to be Calculated only for the months for which HRA is received.
- (ii) It is possible that HRA is rec. but no rent is paid, so for such months, full HRA will be taxable.
- (iii) Rent Paid to parents is Considered as Valid Rent & Can be Considered in Calculation.
- (iv) If any of the element gets changed in the question, bifurcate the solution accordingly

- Salary Components
 - Basic
 - +
 - DA/Cond DA
 - +
 - % Comm on TLo.
- City
- HRA rec.
- Rent Paid.

Lec 7 13 Feb

Que:- Shivam is working in a Co. in Gondia (M.H) from 1st June 2024

Salary = ₹ 29,000 pm

HRA rec. from Jan 2025 = ₹ 21,000 pm.

DA = ₹ 6,000 pm $\rightarrow$ 3 month (Jan Feb Mar)

Rent paid = ₹ 22,000 pm $\times$ 3 month $\rightarrow$ 66,000

Find taxable HRA for PY 24-25 & Net Salary as per the old regime. (10 Months)

1st June 2024 to 31 March 2025 (10 month)

Particulars	Amt. ₹
• Basic Salary 29000pm $\times$ 10 month	2,90,000
• DA 6000 $\times$ 10 month	60,000
• HRA (WN1)	28,200
Gross salary	3,78,200
less stand. ded ⁿ sec 16(ia)	(50,000)
Net salary	3,28,200

• HRA Rec. 21,000 $\times$ 3 month = 63,000

• Rent paid - 10% of salary $\left\{ \begin{array}{l} \text{Basic} \\ + \text{Cond. DA} \\ + \text{Comm.} \end{array} \right\} \times$ Not given

22,000 - 2,900

19,100 $\times$ 3 months

p.m. 57,300

- DA??
→ Gross sal / Net sal → Consider full DA
- Cond. DA??
→ HRA / leave encash / Gratuity not covered / VRS / Pension fund.

Note:- If nothing is mentioned about DA, we consider it is full DA & not Cond. DA.

• 40% of salary

$$\frac{87000 \times 40\%}{(29000 \times 3 \text{ month})} = 34800$$

HRA Rec. 63000
 exempt (34800) (Lowest)
 Taxable HRA 28200

Que:- Shalini is working with Maruti Suzuki Ltd.
 @ Monthly salary of ₹24,000.
 She is receiving HRA of ₹17,000 pm.
 She was staying with her friends till 30 June 2024 without paying any rent and from 1st July 2024 she shifted with her parents & paid monthly rent to them @ 20,000 pm.
 DA = 5,000 pm → 30% is Conditional
 Tlo for the year 60 lakhs ⇒ % Com 3%
 Find taxable HRA 24-25 & Net salary old regime.

Particulars	Amt. (₹)
• Basic Salary (24000pm x 12 month)	288000
• DA (5000pm x 12 month)	60000
• Comm. (60L x 3%)	180000
• Taxable HRA (WN1)	60450
Gross salary	588450
(-) stand. ded ⁿ	(50000)
Net Salary	<u>538450</u>

WN 1

→ April to June = NO rent paid

Full taxable HRA

$$17000 \times 3 \text{ month} = \underline{\underline{51000 \text{ Tanable}}}$$

→ July to March = 9 Months

- HRA rec. $12000 \text{ pm} \times 9 \text{ month} = \underline{\underline{15,30,00}}$

- Rent paid - 10% of salary

$$(20,000 \times 9 \text{ month}) - 10\% \text{ of Salary}$$

$$180000 - 36450 = \underline{\underline{143550}}$$

Basic + Cond. DA + % Comm Fltlo

24000 + 5000 X 30% + 60 lakh

X 9m = 1500 X X 30%

↓ qm X 9 mont

↓ 12mo

216000 + 13500 + 135000

= 364500 X 10%

= 36450

- 40% of salary

40% of 364500 $\Rightarrow$ 145800

→ Rec'd

15,3000

1st 153,000

2nd 143550 (143550)

3rd 145800

9450

Taxable HRA

$$\text{Total Taxable} = \underset{\text{(3 month)}}{5,000} + \underset{\text{(9 month)}}{9,450} \Rightarrow \underline{\underline{60,450}}$$

Que:- Bhumi is receiving HRA of ₹ 21000 pm

Basic salary till Sep 2024 = ₹ 16,000 pm

Then it was increased to 18000 pm

Consider DA 3500 pm

Rent paid = ₹ 17,000 pm

Find taxable HRA.

Apr to Sep
6 Month
separate

Oct to Mar
6 Month
separate

→ April to Sept ⇒ 6 Months

• HRA rec. = $21000 \times 6 \text{ month} = \underline{126000}$

• Rent paid - 10% of salary = $17000 - 10\% \text{ of } (16000 + 3500)$

$17000 - 1950 \times 10\%$

$17000 - 1950$

$= 15050 \times 6 \text{ month}$

⇒ 90300

• 40% of salary

$(40\% \times 19500 \times 6 \text{ months})$

= 46800

Rec.	126000
1st	126000
2nd	126000 90300
3rd	46800
	<u>(46800) (lower exempt)</u>
	<u>79200</u>

79,200 Taxable

→ Oct. to March → 6 Months

• HRA Rec. = $21000 \times 6 \text{ month} = \underline{126000}$

• Rent paid - 10% of salary

$17000 - 10\% \text{ of } (18000 + 3500)$

$17000 - 2150 \times 6 \text{ months.} \rightarrow 21500$

$= \underline{89100}$

Salary = ~~18000~~ $\times 6 \text{ month.}$
 $18,000 + 3,500 \times 6 \text{ month}$
 $= 129000$

• 40% of salary → $129000 \times 40\%$
 $= \underline{51600}$

Rec.	126,000	
1st		
2nd		
3rd	$\frac{(51600)}{74400}$	Taxable

74,400 Taxable

Add both :- $79,200 + 74,400$

⇒ 153,600

Totally Taxable = 153,600

(2) Allowance which are exempt subject to be Actual expenditure

	(I)	(II)	(III)
(Income)			
Rec.	70,000	70,000	70,000
Actual exempt expenditure	(40,000)	(70,000)	(90,000) (अपनी जैब से दिया)
Taxable	30,000	0	0
(Tax free) Exempt	40,000	70,000	70,000

20,000
↓
Personal expenses
X
(कुछ नही होगा)

Rudra

Daily uniform pehan ke helper ke sath Research karne nikalta hai

C . T . T (Bajata hai)

Convenience Travel Transfer

↓ ↓ ↓

within city one city to another shifting of Personal effects
(personal samaan ghar ka)

Lec 8 14 Feb

Ex Daily allowance Rec. is ₹ 2000pm, Actual Exp 1100pm.
Uniform allowance is ₹ 4500pm, Actual Exp. is 3900pm.
Job joined on 1 Sep 2024. 1 Sep to 31 Mar = 7 Months
Find taxable allowance.

2000		uniform	4500
- 1100		- 3900	
900pm x 7 month		600pm x 7 month	
= 6300	+	= 4200	
→ 10,500			

(3) Allowances which are exempt subject to the given limits: Actual Exp. will not matter in this case

	①	②
limit	500pm	500pm
Rec	400pm	600pm
	(Full exempt)	(100pm taxable)

Not Matter. Actual Exp. 550pm

(a) Children Education Allowance (Employer deta employee ke children ki educat ke liye)

Exemption → ₹ 100pm Per child for Max 2 children

Eg

	'A'	'B'	(A & B children)
Rec	250pm	380pm	
Exempt	(100)	(100)	
	150pm	280pm	
	x 12m	x 12m	
	1800	3360	→ 5160rs (Taxable)

Case (1) Children Edu. allowance rec'd £140 pm per child each for 2 children. Find taxable amt.

	A	B	
Rec	140	140	
Exempt	(100)	(100)	
	<u>40</u>	<u>40</u>	
	$\times 12m$	$\times 12m$	
	<u>480</u>	<u>480</u>	

} $\rightarrow$ 960 Taxable.

(2) C. Edu. allow. rec. £220 pm each for 3 children
Actual Exp'd. £170 pm per child each.
Find taxable Ch. Ed. allowance.

	A	B	C	
Rec.	220	220	220	$\rightarrow 460 \times 12m$
Exempt.	(100)	(100)	$\times 12m$	
	<u>120</u>	<u>120</u>	<u>2640</u>	
	$\times 12m$	$\times 12m$		
	<u>1440</u>	<u>1440</u>		
	<u>2880</u>	<u>2880</u>		

120 + 120 + 220 = 460 pm
 $\times 12m$
Taxable 5520

$\rightarrow$ 5520 Taxable

(3) Children Edu. allow. ~~rec.~~

	Act. Exp.
A £140 pm	70 pm
B £120 pm	60 pm
C £90 pm	50 pm

Find taxable C. Edu. allowance.

	A	B	C	
Rec	140	120	90	
Exempt	(100)	(100)	0	
	40	+ 20	+ 90	$\rightarrow 150 \times 12 \text{ months}$
				$= \boxed{1800} \text{ taxable}$

- ④ C.E. allow. Rec. $\text{₹} 4000$ for 3 children
Find taxable C.E. allowance.

	A	1333
	B	1333
	C	1333

	A	B	C	
Rec	1333	1333	1333	
Exempt	(100)	(100)	(0)	
(100 x 12 months)	1233	1233	1333	$\rightarrow \boxed{1599} \text{ taxable}$
	133	+ 133	+	

- ⑤ C.E. allow. rec $\text{₹} 3000$ for 3 children.
Find taxable C.E. allow.

	A	1000
	B	1000
	C	1000

	A	B	C	
Rec	1000	1000	1000	
Exempt (Man 1000)	(1000)	(1000)		
(100 x 12 mon)	<u>0</u>	<u>0</u>		(1000 Taxable)
1200				$\boxed{1000}$

Exemption $\rightarrow$ ₹300pm . per child . per month.

Que Children Hostel allowance Rec. for 3 kids pm.

Find taxable allow.

	A	B	C
Amt rec.	500pm	270pm	330pm
Exempt.	(300)	(200)	(300)
	200pm	270pm	330pm
	$\times 12$ month		$\times 12$ month
	<u>(2400)</u>		<u>(3960)</u>

$$\cancel{400} + \cancel{270} + 330 \times 12 \text{ months} \rightarrow \boxed{6000} \text{ taxable}$$
$$200 + 270 + 30$$

- ₹100pm $\rightarrow$ children education allowance $\rightarrow$ ₹100pm ,
Per child for max. 2 children.
(Tribal $\rightarrow$ आदिवासी)
- ₹200pm $\rightarrow$ Tribal allowance
- ₹300pm $\rightarrow$ Children Hostel allowance $\rightarrow$ 300pm , per child
for max. 2 children.
- ₹800pm $\rightarrow$ Under ground allowance Eg: mining
- ₹3200pm $\rightarrow$ Transport allowance
(disabled) Eg: Home $\leftrightarrow$ office , for disabled person
- ₹10,000pm $\rightarrow$ Running allowance $\rightarrow$ Eg: Air Hostess ,
Train Attendants.
or
70%
whichever is lower

- Q. • Tribunal allowance rec. £ 400 pm
Actual exp £ 300 pm
- Underground allow. rec. £ 700 pm
Actual exp 1000 pm
 - Transport allowance rec. £ 2200 pm. Act exp 1500 pm
- Find taxable allowance.

Tribunal allowance

$$\begin{array}{rcl} \text{Rec} & 400 \text{ pm} & \\ \text{exempt} & (200) & \\ \hline & 200 \text{ pm} \times 12 \text{ month} & \Rightarrow 2400 \end{array}$$

Underground allowance

$$\begin{array}{rcl} \text{Rec.} & 700 \text{ pm} & \\ \text{exempt} & \underline{700 \text{ pm}} & \text{fully exempt} \quad \underline{700} \quad 0 \\ & 0 & \end{array}$$

Transport allowance

$$2200 \text{ pm} \times 12 \text{ month} \Rightarrow 26400$$

$$\text{Taxable } \boxed{28800}$$

Q

Disable Person.

Transport allow. rec. = ₹ 3400 pm

Act exp. = 3300 pm

3400

3200

200

x 12m

2400 Taxable

* Running allowance :-

Q

Rec. 16000 pm.

10000 pm

70% x 16000 = 11200 pm

} lower

~~16000 pm x 12 month~~

Rec. 16000 pm

Exempt (10000) pm

6000

6000 pm x 12 month = 72000 Taxable

Q

Running allow. rec. ₹ 12000 pm.

Rec

12000

(12000 x 70%) (10000)

Exempt

(8400)

lower

3600

3600 x 12 month → 43200 Taxable

Q R. allow. ₹ 10,000 pm

Rec.	10,000	(10,000 × 20%) (2,000)
Exempt	(7,000)	Lower
	<u>3,000</u>	

$$3,000 \times 12 \Rightarrow \boxed{36,000} \text{ taxable}$$

(4) Allowance for which deduction is allowed

Entertainment Allowance

↓
Rec.

Govt. Emp

Non-Govt. Emp

↓
Dedⁿ = 3 limits
(whichever is lower)

↓
Fully taxable

- Act rec.
 - 5000 per year
 - Basic salary × $\frac{1}{5}$ (20%)
- (lowest)

Q Govt. emp., Ent allow. ₹ 8000 (Per year)

Basic salary ₹ 2100 pm, Cond. DA = ₹ 400 pm

Find taxable allowance.

~~Brd~~ Basic salary = ₹ 2100 × $\frac{1}{5}$ = 420

Act sec. 8000

1st sec.	8000	8000
2nd Statutory limit	5000	(5000)
3rd. Basic salary	5040	<u>3000 Taxable</u>

(1) Basic salary $\rightarrow 2100 \text{ pm} \times 12 \text{ m}$
 $= 25200$

(2) Basic salary $\rightarrow 25200 \times \frac{1}{5} \rightarrow 5040$

★ what if the person would have been a non govt. employee
Then fully taxable = 8000 rs

(5) Allowances which are fully exempt :-

(i) HC / SC Judges

(ii) United Nation Employee

(iii) Indian Citizen working outside India & Salary is paid by Indian Govt.

NOTE : New Regime (115BAC)

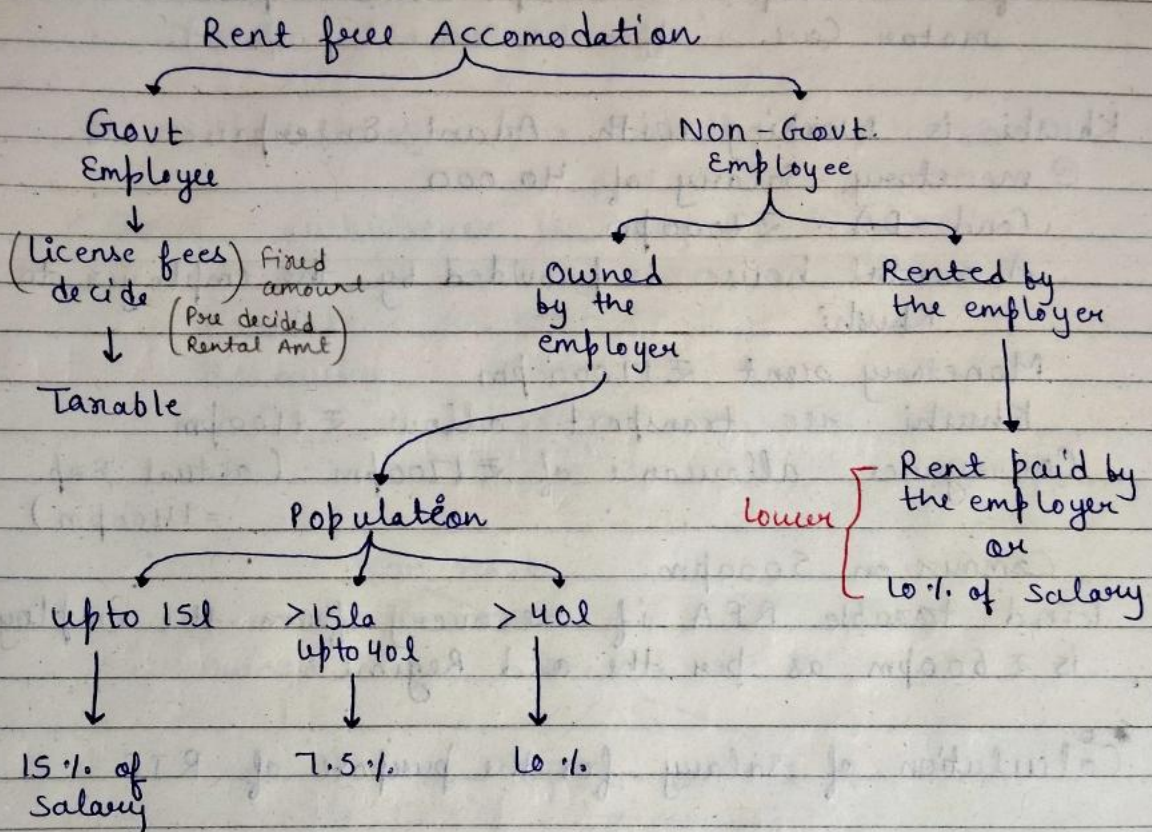
4 allowances are exempt

- Daily
 - Conveyance
 - Travel
 - Transport allow.
- } Actual Exp.
- } Disabled 3200 pm

• other fully taxable.
(Children, hostel allow etc.)

Lec 9 15 Feb

* Perquisites (Non monetary benefits)



Salary for the purpose of R.F.A :-

- Basic salary
- Conditional DA
- Bonus / Commission
- Any Monetary benefits
- Allowance rec'd (only Taxable portion)
- Other perq X
- Retirement benefits X

NOTE : Recovery from employee is to be deducted in whole of the Perquisite except at one place in motor Car. (official + Personal purpose)

Q Khushi is working with Adani Enterprise Ltd.

@ monetary Salary of 40,000

Cond. DA = ₹7000 pm

A rental house is provided by the employer to Khushi

Monetary rent ₹17000 pm

Khushi rec. transport allow. ₹1100 pm

Conveyance allowance of ₹1700 pm (actual Exp. = 1400 pm)

Commission 5000 pm.

Find taxable RFA, if recovery from the employee is ₹600 pm as per the old Regime.

→ Calculation of Salary for the purpose of RTF

Basic salary = 40,000 pm × 12 months = 4,80,000

Cond DA = 7,000 pm × 12 months = 84,000

Transport allow. = 1100 pm × 12 months = 13,200

Conveyance allow. = 1700 pm - 1400 pm × 12 m = 3600

Commission = 5,000 pm × 12 month = 60,000

Salary for the purpose of RTF

640,800

× 10%

64,080

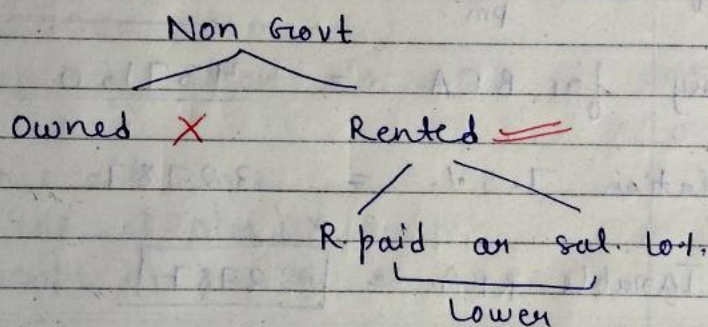
$$\rightarrow \text{Rent paid} = 17000 \text{ pm} \times 12 \text{ month} = 204000$$

Or,

$$10\% \text{ of salary} \Rightarrow \text{Totally} = 64080$$

✓ ~~Basic~~ whichever is lower = 64080

Taxable	64080	
Recovery	(7200)	
(600pm x 12 month)	<u>56880</u>	Taxable RFA



less Recovery

Q Himanshu is given a flat to stay by the employer in Bhopal.

Purchase Value of the house is 2 Crores.

population of Bhopal is 17 lakhs (7.5% of salary)

Basic Salary of Himanshu = ₹ 30,000 pm

Cond. DA = ₹ 6,000 pm

uniform allow rece. ₹ 430 pm

Act expd. 400 pm.

Find taxable RFA, if employee has opted for
HISBAC (New regime).

RFA
└───┬───┘
Owned ✓ Rented ✗

Population 17 lakh

> 15 lakh to 40 lakh $\rightarrow$ 7.5% of salary

- Basic Salary = $30,000 \text{ pm} \times 12 \text{ month} = 3,60,000$
- Cond. DA = $6000 \text{ pm} \times 12 \text{ month} = 7,20,000$
- Allow. uniform = $430 \times 12 \text{ m} = 5160$
pm

Salary for RFA = 437160

Population 7.5% = 32787

Taxable RFA = 32787

Q Anya is employed in Accenture Ltd. she
joined on 1st July 21.

Basic Salary = ₹ 60,000 pm

DA = 40% of Basic sal

Comm. DA = 25% of Basic

Comm = ₹ 8000 pm

C. & allow. = ₹ 430 pm received

Conveyance allow = ₹ 900 pm

Act. Expd = ₹ 720 pm

Children hostel = ₹ 250 pm each
allow. rec for per 2 child.

Gratuity rec.d = ₹3500 pm

$\frac{430}{100}$ $\frac{430}{100}$

Find Net Salary if :-

$\times 9m$ $\times 9m$

(a) New Regime

(b) old Regime.

→ Calculation of Net Salary
For PY 24-25 (9 months)

Particulars	old Regime	New Regime
• Basic salary (₹60,000 X 9 month)	5,40,000	5,40,000
• DA (40% of Basic sal.) (540000 X 40%)	2,16,000	2,16,000
• Commission (8000 X 9 month)	72,000	72,000
• Children Edu. allow. (WN 1)	5940	7740
• Conveyance allowance (900 - 720pm) X 12 month. (Also exempt as per the sec 115BAC)	1620	1620
• Children Hostel allowance (WN 2)	Nil 4500	4500 Nil
• Gratuity (Rec.d during employment (3500pm X 9m) in fully taxable)	31500	31500
• Gross Salary	8,73,360	8,60,760
• less stand ⁿ ded ⁿ u/s 16 (ia)	(75,000)	(50,000)
Net Salary	<u>7,98,360</u>	<u>8,10,760</u>

WN 1 Children Education allowance

- As per Sec 11SBAC = Fully taxable
 $430 \times 2 \text{ child} \times 9 \text{ month} = \underline{\underline{7740}}$
- As per the old Regime = Exemption allowed
₹ 100 pm, per child, for max 2 children

$$\cancel{430} \times (430 - 100) \times 2 \text{ child} \times 9 \text{ month} = \underline{\underline{5940}}$$

WN 2 Children Hostel Allowance

- Sec 11SBAC = Fully taxable
 $250 \text{ pm} \times 2 \text{ child} \times 9 \text{ month} = 4500$
- Old Regime = Exempt upto ₹ 300 pm, per child for max. 2 child.

Amt rec. is only ₹ 250, therefore the amt is exempt.

Q Shivansh is working in Pune.
He is given a flat for stay in from 1 Sep 2024
Basic Salary = ₹ 43000 pm
DA is 60% of Basic Salary (70% of it is Condi)
Bonus ₹ 49000
Comm. ₹ 2200 pm
Medical allow. = ₹ 1300 pm
Act. Enpd = 1000 pm

Running allow. rec. ₹ 8000pm

Fair rental value of the house is ₹ 28000pm

& employer has pur. this house ₹ 3 Crores.

Recovery from employee ₹ 1500pm

Find Net salary for PY 24-25 as per old Regime

→ Calculation of Net Salary
For PY 24-25

Particulars	old Regime
• Basic Salary ($43000\text{pm} \times 12\text{month}$)	516,000
• DA ($516000 \times 60\%$)	309600
• Comm. ($2200 \times 12\text{months}$)	26400
• Bonus	49000
• Medical allowance ($1300 \times 12\text{month}$)	15600
• Running allowance Recd. $8000\text{pm} \times 12\text{month} = 96,000$ Exempt lower. $10,000 \text{ or } 8000\text{pm} \times 70\% = 5600 \times 12\text{m} = (67200)$	28800
• RFA Taxable (WN 2)	39230.3
Gross Salary	984630.3

WN 1 Calculation of RFA.

- House provided from 1st Sept 2023 i.e. 1st Sep 2023 to Mar 24 = 7 Months.
- House is owned by the Employee
- Since population is not mentioned in the Que. but City given is Pune, so we are assuming the population is more than 40 lakhs

∴ Taxable ~~RFA~~ RFA = 10% of Salary less Recovery (if any)

WN 2 Calculation of Salary for RFA (7 months)

• Basic Salary = $43000 \times 7 \text{ month} = 301,000$

• Cond. DA $\Rightarrow$

DA = Basic 60%

$301000 \times 60\%$

$= 180600$

70% is Cond.

$180600 \times 70\%$



126420

• Bonus = $49000 \times \frac{7 \text{ month}}{12 \text{ month}} \Rightarrow 28583$

• Comm. = $2200 \times 7 \text{ month} \Rightarrow 15,400$

• Medical allow. = $1300 \times 7 \text{ month} = 9100$

• Running allow.

Rec. = 8000 pm

Exempt = $\frac{1}{2}(5600) 10\%$

$2400 \text{ pm} \times 7 \text{ month}$

= 16,800

Salary for RFA
Taxable Perquisite (10%)

less Recovery ($1500 \times 7 \text{ month}$)

49730.3

49730.3

(10,500)

Taxable

39230.3

Homework

+ solutions

Illu 2 Pg 4.1

Mr. Srikant has two sons. He is in receipt of children Education allowance of ₹150pm for his elder son and ₹70 pm for his younger son. Both his sons are going to school. He also receives the following allowances:

Transport allowance 1800pm

Tribal area allowance 500pm

	elder son	Younger son
Rec.	150 pm	70 pm
exempt	(100)	(70)
	50	30 Nil
	$\times 12 \text{ month}$	
	<u>⇒ 600</u>	

Children edu. allowance = 600rs.

→ Transport allowance

$$1800 \times 12 \text{ month} \Rightarrow \underline{\underline{21600}}$$

→ Tribal area allowance

Rec.	500
Exempt	(200)
	300
	$\times 12 \text{ months}$
	<u>3600</u>

→ old Regime

elder son	600
Younger son	Nil
Transport allow.	21600
Tribal area allow.	3600
	<u>25800</u>
	Tax allowance.

→ New Regime

• Children Edu. allow.	= 2640
(150+70) × 12 month	
• Transport allow.	= 21600
(1800 × 12 month)	
• Tribal area allow.	= 6,000
(500 × 12 month)	
	<u>Tax allowance. 302400</u>

Illu 3

Mr. Sagar who retired on 1st Oct, 2024 is receiving ₹5000 pm as pension. On 1st Feb, 2025, he Commuted 60% of his pension and received ₹3,00,000 as Commuted pension. You are required to Compute his taxable pension assuming

- He is a Govt. employee
- He is a Pvt. Sector Employee & rec'd gratuity of ₹5,00,000 at the time of retirement
- He is a Pvt. Sector employee & did not rec. any gratuity at the time of retirement.

→ He is a Govt. employee Oct 24

$$\bullet (5000 \times 4) + 40\% \text{ of } 5000 \times 2 \text{ month} = 24000$$

$(20000 + 40\% \text{ of } 5000 \times 2 \text{ month})$
 $10K \times 4 = 4K \quad 10K$

$$\bullet \text{Commuted pension } 3,00,000 = \text{Nil}$$

(-) exempt u/s 10(10A)

Taxable pension 24,000

→ (b)

$$\bullet (5000 \times 4 \text{ month}) + 40\% \text{ of } 5000 \times 2 \text{ month} = 24000$$

$20,000 + 4,000$

$$\bullet \text{Commuted Pension Received } 3,00,000$$

(-) exempt u/s 10(10A)

$$\left(\frac{1}{3} \times \frac{3,00,000}{60\%} \times 100\% \right)$$

$$\left(\frac{1}{3} \times 5,00,000 \times 100\% \right) = \frac{1,66,667}{1,33,333}$$

Taxable Pension 1,57,333

(c)

$$\bullet 5000 \times 4 \text{ month} + 40\% \text{ of } 5000 \times 2 \text{ month} = 24000$$

$$\bullet \text{Commuted pension received } 3,00,000$$

$$(-) \left[\frac{1}{2} \times \frac{3,00,000}{60\%} \times 100\% \right] = 2,50,000$$

Illu 14 Pg 4.8

→ 10% of salary

• 10% of $(8500 \times 5) + (2000 \times 30\% \times 5)$

$$\begin{array}{r} 8500 \times 5m + 600 \times 5m + 1500 \times 5m \rightarrow = \underline{5300} \\ + \quad + \quad + \\ 53000 \times 10\% \end{array}$$

Illu 15 Pg 4.8

• Value of accommodation ₹ 5300

(-) less Rent Paid (5,000)

(1000 x 5)

300

Illu 16

• Value of accommodation
(1025 x 5)

~~2125~~ 5125

el 10% salary

(-) Rent paid by the employee
(1000 x 5)

(5,000)

Taxable 125

(wv)

lease rent paid 1025 x 5 month.

5125

• 10% of salary

53000

Illu 4 Pg 4.2

→ Calculation of Taxable gratuity

1 st amt. rec.	1500000
2 nd . Stat. limit 20 lakh	
3 rd . amt. rec. 15 lakh (WN 1)	(934165.5)
$\frac{15}{36} \times \text{last drawn salary} \times \text{no. of yrs of service}$	<u>565384.7</u>

WN (1)

Calculation of 3rd limit

$$\frac{15}{26} \times \text{last drawn salary} \times \text{no. of yrs of service}$$

$$\text{Salary} = (\text{Basic sal} + \text{DA}) \Rightarrow 50000 + 10000 = 60000$$

$$\frac{15}{26} \times 60000 \times 27 = \underline{\underline{934615.3}}$$

$$\begin{array}{r} \rightarrow \text{Amt rec.} \\ \text{Exempt the lowest (WN2)} \end{array} \quad \begin{array}{r} 1500000 \\ (8580000) \\ \hline 642000 \end{array}$$

amt rec.

stat. limit 20 lakh

$$\frac{15}{30} \times \text{last Lo avg} \times \text{No. of yrs of service} \Rightarrow \underline{\underline{8580000}}$$

WN (2)

Calculation of 3rd Limit.

$$\frac{15}{30} \times \frac{\text{Last 10 Month avg sal.}}{\text{No. of Years of service.}}$$

Salary = Basic Salary + Cond. DA + TLo of fix. Com

$$\text{Basic sal} = 50,000 \times 10 = 5,00,000$$

$$\text{DA} = 6,000 \times 10 = 60,000$$

$$\text{Comm} = 1,00,000$$

$$\underline{6,60,000}$$

$$\div 10$$

$$= \underline{\underline{66,000}}$$

$$\frac{15}{30} \times 66,000 \times 26$$

$$\Rightarrow \underline{\underline{858,000}}$$

Illu 5

Pg 4.3

(पूरे)
4000pm

5000pm.

1 Apr 2024

1 Dec 2024

Apr - Nov

$$8m \times 5000 = 40,000$$

$$2m \times 4000 = 8,000$$

Imp
(Basic sal.
Point)

Lec 10 18 Feb

Note : The Calculation for RFA is to be done from the date from which house is Occupied.

Eg House given from 1st May 24 but you Occupied it from 1 Dec 2024

1st April 24 1st May 24 1st Dec 2024

Calculation of Furniture

(Electrical Equipments / Table etc.)

Owned by employer
↓

10% p.a. of the Actual Cost (Original Cost)

Rented by employer
↓

Rent paid by the employer

Case (i)

AC taken on rent by the employer @ £ 4000 pm and given to employee.

Recovery from employee is £ 700 pm.

Find taxable Perquisite.

$4000 \times 2 \text{ month}$	12000	AC	$= 4000 \text{ pm}$
$(-) 700 \times 12 \text{ month}$	(8400)	rec.	$= (700) \text{ pm}$
	<u>3600</u>	Tanable	3300 pm
			$\times 12 \text{ month}$
			<u><u>39600</u></u>

Case (2) Refrigerator purchased by the employer on 11 Oct, 2017 for ₹64000 & given to employee for use on 1st April, 2024.
 (आज की Value क्या है) WDV of the refrigerator on 1st Ap, 2024 ₹25,000
 (Written down Value) Find taxable perquisite for PY 24-25.
 (Current Value)

Owned ✓	64000
	$\times 10\%$
Tanable	<u>6400</u>

Eg ~~if~~ $200 \text{ pm} \times 12 \text{ m}$ (2400)
 recovery 4000

Case (3) Sofa cum bed provided to Tanvi on 1st Aug 2024. It was purchased before Covid for ₹35,000. Recovery from Tanvi is ₹100pm. Find taxable perquisites.

1 Aug to March = 8 month.

$$35000 \times 10\% \times \frac{8m}{12m} = 2333$$

$$(-) \text{ Recovery } 100 \times 8m = (800)$$

$$\text{Taxable} = \underline{\underline{1533}}$$

Que Camera was purchased by the employer on 7th Nov 2021 & given to the employee on 1st Dec 2024.

Cost of Camera was ₹ 80,000.
Find taxable perquisite.

$$80000 \times 10\% \times \frac{4m}{12m} = \underline{\underline{2666}}$$

HOMEWORK

Que Accommodation was provided to Sidhi on 1st Dec 24 in Agra.

Population of Agra is 40 lakh.

Basic salary ₹ 1,00,000 pm

Cond. DA (20% of Basic)

C. Edu. allow. is ₹ 330 per month for per child

Washing machine costing ₹ 20,000 was provided on 1st Dec, 2024

Find taxable RFA for PY 24-25 old Regime.

Homework Solution

$$\left(\frac{10,000 \times 10\% \times 4m}{12m} \right)$$

House (Dec to March)

40d X 7.5% owned $\rightarrow$ 7.5% of salary

Basic = $1,00,000 \times 4m = 4,00,000$

Cond. DA = $20,000 \times 4m = 80,000$

Children Edu. allow = 330

-(100)

230pm x 4m

920

480920

X 7.5%

House Taxable

36069

$\rightarrow$ Furniture

$10,000 \times 10\% \text{ pm} \times \frac{4m}{12m} = 2333.33 \text{ rs.}$

$36069 + 2333.33$

38402

* Few Notes Regarding R.F.A. :- $\rightarrow (Tax \times \frac{2}{100})$
(Exemptions)

(1) Hotel stay

Generally given for shifting from one city to another & house is not available with the employer in another city.

If stay is

upto
15 days
↓
No taxability

stay
> 15 days
↓
Taxable

lower { Hotel Charges paid by the
employer
or
25% 24% of salary
less Recovery

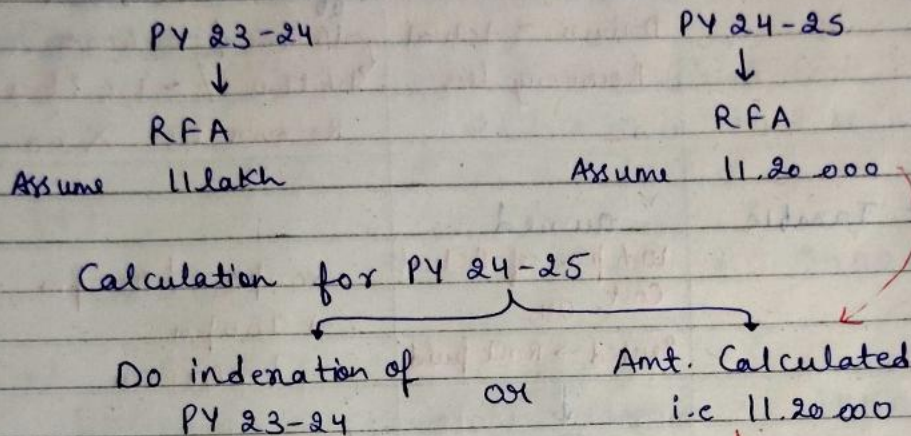
(2) Stay provided to employees Onsite

Eg: where Construction activities are going on

(3) If 2 houses are provided, then upto a period of 90 days only 1 house will be taxable as per the option of the employee and after that, both houses will be taxable.

Concept of Indentation in salary

Example



Eg

Index

PY 23-24 = 348

PY 24-25 = 363

Calculation ?

23-24 RFA = 15 lakh

24-25 RFA = 18 lakh

24-25 Taxable RFA ?

sol 24-25 = 18 lakh
or

23-24 Indentation

$$\frac{15l}{348} \times 363 \rightarrow 15,64,655$$

lower taxable

$$\frac{348}{363} \times 15l \rightarrow 15,64,655 \text{ or } 18l$$

Lower

Lec #11 17 Feb evening

① Motor Car Perquisite

Particulars	Official	Personal	Official + Personal
		Driven = Actual Recovery less	1600cc / > 1600cc 1.6 litres / > 1.6 litres Recovery less X no.
Car	Not Taxable	owned 10% pa of Actual Cost or, Rented → Rent paid	600pm / 900pm + 900pm → Driven.
Car & + Exp.	Not Taxable	⊕ ↑	1800pm / 2400pm + Driven 900pm
Exp.	Not taxable	Actual received	Amt. received (-) 1800pm / 2400pm (+) 900pm
			Taxable. <u>XXX</u>

Que :- Siddhu received a Car worth ₹ 21 lakhs from the employer

Expenses received from the employer ₹ 7000pm

Car Capacity = 1900 cc

Recovery ₹ 450pm

Find taxable perquisite. if Car is used purely for personal purpose.

1st Check purpose → Personal

2nd check → Car + Expenses ✓

Car Owner

$$= 10\% \text{ p.a. of the actual Cost}$$
$$212 \times 10\% = 210,000$$

(+)

$$\text{Expenses} = 7000 \times 12 \text{ month} = 84,000$$

(+)

$$\text{Driver} = 12000 \text{ pm} \times 12 \text{ month} = 144,000$$

438,000

(-)

Recovery (4500pm x 12 month)

(54,000)

432,600

Que What if in the above Case Car is issued for official + personal use.
Small Car / big Car ??

$$\text{Big} = 2400 \text{ pm} + 900 \text{ pm} \rightarrow 3300 \text{ pm} \times 12 \text{ month}$$

= 39,600

Que Dhruvi Received Hyundai Creta from the employer with an engine Capacity of 1300 CC

- Cost of the Car is 27 lakhs.
- Drivers salary paid by the year ₹ 7000 pm
- Recovery from the employee ₹ 1100 pm.

Find taxable perquisite if Car is used for official + Personal use

→ off + Per.

→ Car → small — 1800 pm

+

+ Driven 900 pm

Expenses

2700 pm × 12 month

⇒ 32400

Lec 12 18 Feb

Que what if in the above case Car is used purely for personal purpose.

$$\text{Car} \rightarrow \text{Owner} \quad 27 \text{ lakh} \times 10\% = 2,70,000$$

(+)

$$\text{Exp} \rightarrow 5,000 \text{ pm} \times 12 \text{ months} = 60,000$$

(+)

$$\text{Driver} \rightarrow 7,000 \text{ pm} \times 12 \text{ months} = 84,000$$

(-)

$$\text{Recovery} \rightarrow (11,000 \text{ pm} \times 12 \text{ months}) = \underline{1,32,000}$$

Taxable perquisite 4,00,800

Que Abhishek received ₹ 13,000 pm as exp for the Car.
Car's Cost is ₹ 43 lakhs & is of 2200 CC
Car was purchased by Abhishek on 3rd Feb 2020
Driven by employer ₹ 8,000 pm
Car is used for official + Personal purpose.
Find taxable & perq. by 24-25

off + Personal $\rightarrow$ Min

Expenses.

$$\text{Amt rec.} \quad 13,000 \text{ pm} \times 12 \text{ m} = 1,56,000$$

$$(-) \quad 24,000 \text{ pm} \times 12 \text{ m} = (2,88,000)$$

$$\text{Driver} (-) \quad 9,000 \text{ pm} \times 12 \text{ m} = \underline{(1,08,000)}$$

1,16,400

Taxable perquisite

Exp $\leftarrow$ Amt rec $\times$

- 18,000 / 24,000

- 9,000 pm

Taxable amt

* Interest free or Concessional loan

Eg :- Home loan $\rightarrow$ 40 lakhs

Market rate Employer rate
9% p.a 7% p.a

Benefit 40 lakh loan $\times$ 2% p.m $\Rightarrow$ 80,000
Taxable perquisite

Market Rate $\Rightarrow$ SBI Rate on
1st April of the respective year.

Calculation = amount = Last day of each month
outstanding

Que Naman took loan from the employer of ₹ 50 lakh on
1st April 2024 8% p.a.

SBI's rate on 1st April = 11% p.a.

Naman repaid 12 lakhs on 6 Dec 2024

Find taxable perquisites

1 Apr 2024 8 month 12 lakh Dec end 31 Mar 2024
Nov end on 38 lakh
50 lakh 6 Dec 2024
4 months $\Rightarrow$ loan = 38 lakh

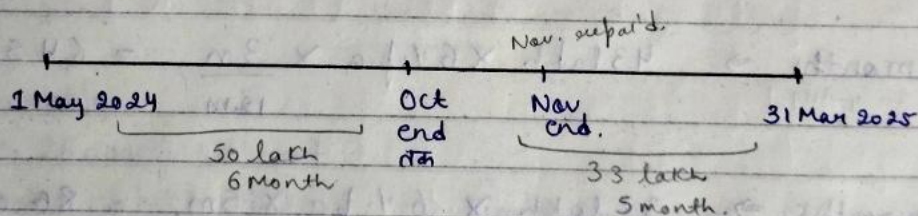
11% - 8% = 3% p.a Benefit.

$$50 \text{ lakh} \times 3\% \times \frac{8m}{12m} = 1,00,000$$

$$38 \text{ lakh} \times 3\% \times \frac{4m}{12m} = 38,000$$

$$\text{Taxable amount} = \underline{\underline{1,38,000}}$$

Que loan taken on 1st of May 2024 of ₹ 50 lakhs from employer @ 5% p.a.
SBI rate on 1st Apr 9% p.a.
17 lakh were repaid on 29 Nov 2024
Find taxable perquisite.



$$9\% - 5\% = 4\% \text{ p.a.}$$

$$50 \text{ l} \times 4\% \times \frac{6m}{12m} = 1,00,000$$

$$33 \text{ l} \times 4\% \times \frac{5m}{12m} = 55,000$$

$$\text{Taxable perq.} = \underline{\underline{1,55,000}}$$

Que loan taken on 1st June 2024

Amt 43 lakhs

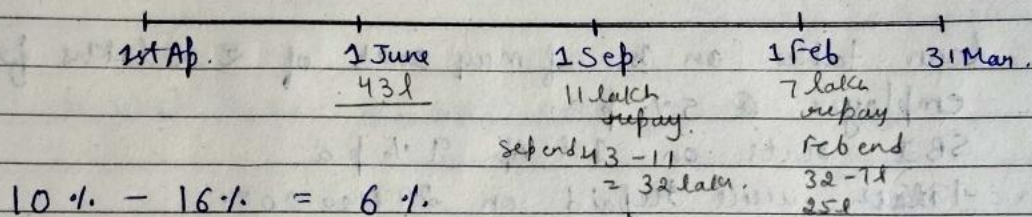
Int. by year = 10% p.a.

SBI's rate 1st Apr = 16% p.a.

11 lakhs repaid on 21st Sep 2024

7 lakh repaid on 14th Feb 2024

Find taxable perquisites



$$\begin{array}{l} \text{3 months} \Rightarrow 43 \text{ lakh} \times 6\% \text{ p.a} \times \frac{3\text{m}}{12\text{m}} = 64500 \\ (\text{June, July, Aug}) \end{array}$$

$$\begin{array}{l} \text{5 months} \Rightarrow 32 \text{ lakh} \times 6\% \text{ p.a} \times \frac{5\text{m}}{12\text{m}} = 80000 \\ (\text{Sep, Oct, Nov, Dec, Jan}) \end{array}$$

$$\begin{array}{l} \text{2 months} = 25 \text{ lakh} \times 6\% \text{ p.a} \times \frac{2\text{m}}{12\text{m}} = 25000 \\ (\text{Feb, Mar}) \end{array}$$

Taxable perq. 169500

Loan Not Taxable

(1) loan amt. upto 20,000
interest benefit Not taxable

Loan not taxable if amt is upto 20,000

Eg employer Rate 6% SBI rate 10%

10 May 2024	11000 loan	] Not taxable
(+) 15 Sep 2024	9000 loan	
	<u>20,000</u>	

(+) 10 Oct 2024	6000 loan	] Taxable starts.
	<u>26,000</u>	

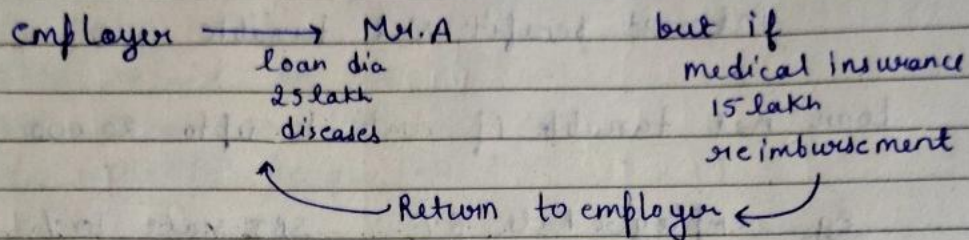
- Taxable
- On 26000 full amt
- from which date? → Limit Cross
i.e. 10 Oct 2024

Now on 12th Jan 2025 → 1500 loan repaid.

loan → 26,000
<u>15,000</u> repay
<u>11,000</u> Taxability

Int. Continue.

(2) loan taken for specified diseases



if 15 lakh not paid
→ Int. amount → **Taxable.**

(2) Use of Movable Asset (Perquisite)

Laptop /
Computers etc
↓
fully exempt

Other Assets
~~other~~ (electronics furniture)

Owned

↓
10% p.a.
actual Cost

Rented

↓
Rent paid by
employer

Eg Fridge 3 lakh on 1st Sept 2024
find taxable perq.

$$3 \text{ l} \times 10\% \times \frac{7 \text{ m}}{12 \text{ m}} \Rightarrow \underline{\underline{17,500}}$$

③ Transfer of Movable Assets (Perquisites).

2nd hand Asset → is sold to employee.

Laptop / Computers & related items	Motor Car	Furniture / other items, Electronic.
50 %.	20 %.	10 %.
WDV ^{method} mentioned (written down value)	WDV method	SLM method. (straight line method)

For Completed no. of years.
(ignore fraction of months)

Case (I)

Assets → A.C.
Cost → 60,000
Perq. date → 1 Dec 2020
(Purchase)
Sold to employee on 5 Oct 2024
For ₹ 11,000

Case (II)

Assets → Motor Car
Cost → 15 lakh
Perq. date → 7 Aug 2021
(Purchase)
Sold to employee = 11 Oct 2024
For ₹ 2 lakh

1 Dec 2020	5 Oct 2024
Dec 21	Dec 22
①	②
③ (3 years)	
60,000	
10% (6,000)	
10% (6,000)	
10% (6,000)	
42,000 Balance	
(-) Recovery (11,000)	
31,000 Benefit	
Taxable	

20% WDV	15 lakh
	(3 lakh)
20%	12 lakh
	(2.4 lakh)
20%	9.6 lakh
	(1.921)
	7.68,000
	(2,00,000)
Taxable	568,000

Homework

Find taxable Persq. in the following Cases:-

Case	(I)	(II)	(III)
	Dining Table	Laptop	Car
	(10% SLM)	(50% WDV)	(WDV 20%)
(i) Purchase date	17 Aug 2019 (4 years)	5 Dec 2023	9 Sept. 2021 (3 years)
(ii) Cost	1,50,000	70,000	18,00,000
(iii) Sold to emp. on.	13 May 2024	25 Nov. 2024 (No dep. 2 years not complete)	4 Oct. 2024
(iv) Sold for Rs.	10,000	34,000	10,00,000
	80,000	36,000	0 (सस्ता में बेचा)

Q 4.1 (ill 1) 4.5 (ill 9), 4.8 (ill 17, 18, 19)

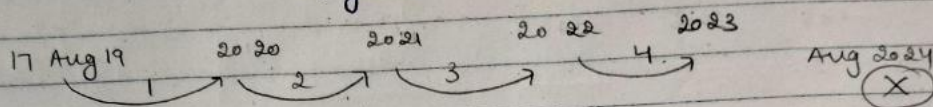
Home work solution

Case (I)

17 Aug 2019

13 May 2024

4 years



150000

(15000)

(15000)

(15000)

(15000)

90000

(-) 10000

80000

10% SLM

Case (II)

5 Dec 2023

↓ 25 Nov 2024

Sell. Not complete 1 year

70000

(34000)

36000

Taxable Perquisites.

Case (III)

18 lakh

(20%) (3.6 lakh)

14,40,000

(20%) (28,80,000)

11,52,000

(20%) (23,04,000)

9,21,600

Sell

10 lakh

No perq.

→ Not taxable.

Lec 13 19 Feb

Que Mr. X was given a Camera for use on 1st May 2024 & it was sold to X on 1st Jan 2025. For ₹ 50,000
Camera was purchased on 7th Feb 2021 for ₹ 1,30,000 by the employer.
Find taxable perquisite in the hands of Mr. X
use & then sold.

[use] 1st May 2024 to 31st Dec 2024 $\Rightarrow$ 8 months

$$130000 \times 10\% \times \frac{8m}{12m} = 8667rs$$

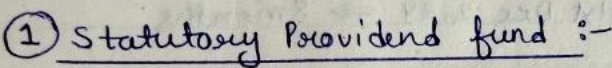
[sold] Feb 21 to May 24 $\Rightarrow$ 3 years

$$130000 - SLM 10\%$$

$$\begin{array}{r} 130000 - 39000 - \cancel{113000} \quad 91000 \\ (13000 \times 3 \text{ months}) \quad (50000) \\ \hline 41000 \end{array}$$

- SPF = Statutory P. fund
- PPF = Public P. fund.

- SPF = Statutory P. fund
- PPF = Public P. fund.



(b) Employee Contribution $\rightarrow$ Section 80C $\xrightarrow{\text{(ch-11)}}$

old	☒
new	☐

deduction. available. (max 1.5 lakhs)

Eg 4 lakh $\times$ Int. 10% = 40,000 exempt.

upto 2.5 lakh
↓
Int. exempt

Over & above
2.5 lakh
↓
Int. Taxable

(c) Maturity $\rightarrow$ fully exempt

Eg Employee 3.5 lakh Contribute Int. = 10%.

3.5 lakhs	
2.5 lakh X 10%	1,00,000 over & above X 10%
<u>25,000</u>	<u>Taxable</u>
<u>Exempt</u>	<u>10,000</u>

Que Basic salary = ₹ 60,000 p.m.
Contribution in SPF each by employer & employee
= ₹ 21,600 on 1st April 2024.

Int. received = 11% p.a.
Find T.I. as per old & New Regime

Particulars	old	New
(A) Salary		
• Basic salary (60,000 X 12m)	7,20,000	7,20,000
• Employer Contribute SPF (Int exempt because Inv. 216,000)	Exempt	Exempt
• Employer Control Int. rec.	exempt	exempt
Gross Salary	7,20,000	7,20,000
less stand. ded ⁿ	(50,000)	(75,000)
Net Salary	6,70,000	6,45,000
(B) I.O.S (Income from other sources)		
Employee Contri Int.	-	-
Int on 2.16.1 → fully exempt	-	-
Gross Total Income	6,70,000	6,45,000
less deduction Sec 80C		
Inv. in SPF 216,000	(1,50,000)	
but max allowed 1,50,000		
Total Income.	5,20,000	6,45,000

② Recognised Provident fund.

(a) employer Contribution → exempt upto 12% of Salary

Basic + Cond. DA + Fix % Comm on TLO

Que Basic salary = ₹ 30,000pm

Cond. DA = ₹ 7,000pm.

TLO for the year = ₹ 40 lakh

% Comm = 2%

Amt Contrib by employer in RPF = ₹ 11,00,00

Find taxable RPF.

→ Employer Contribution

RPF rec.

Exempt. 12% of Salary

Basic $30,000 \times 12m = 3,60,000$

(+)

Cond. DA $7,000 \times 12m = 84,000$

(+)

% Comm = $40l \times 2\% = 80,000$

Salary

5,24,000

$\times 12\%$

11,00,00

exempt

(62880)

47120

→ employee Contribution = Dedⁿ u/s sec 80C max 1.5 lakh.

Eg Gross T.I 9 lakh. if 1,70,000

employee investment RPF inv. = 1,10,000

G.T.I = 9,00,000	9 lakh
Sec 80C = (1,10,000)	(1,50,000)
T. Income = 7,90,000	75,00,000

→ RPF Interest.

Eg invest rec.

1 lakh $\times 10\%$ Int = 10,000

Exempt 1 lakh $\times 9.5\%$ = (9,500) exempt

500 Taxable

(a) employer Contri = Int. = exempt upto 9.5% p.a.

Eg employer Contri = 3 lakh

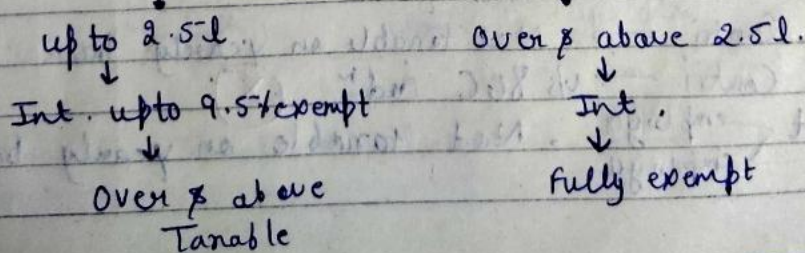
Interest = 11%

Rec. 33,000

exempt 3l $\times 9.5\%$ (28,500)

4,500 Taxable.

(b) employer Contri = 9.5% p.a. ✓



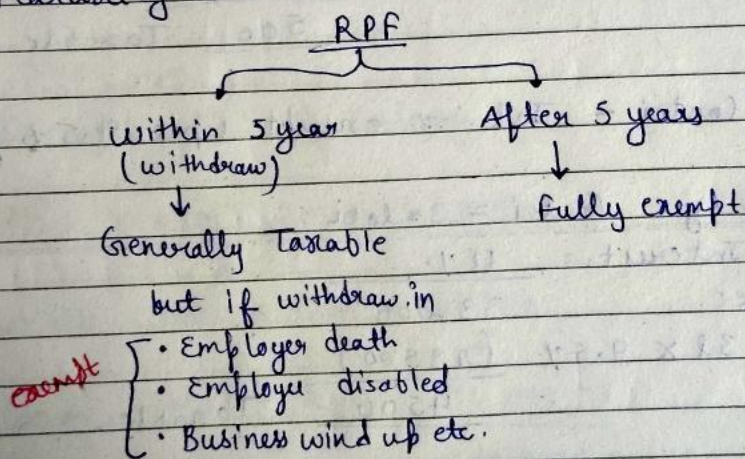
Eg Employee RPF Contribute = 3,00,000
Int. sec @ 11% p.a

3 lakh

₹25,00,000	50,000
X 11%	X 11%
<u>27,50,000 Rec</u>	<u>₹ 5,500</u>
Exempt 9.5%	↓
<u>23,750</u>	Fully exempt.
<u>2,750</u>	
→ Taxable Int.	

Lec 14 20 Feb

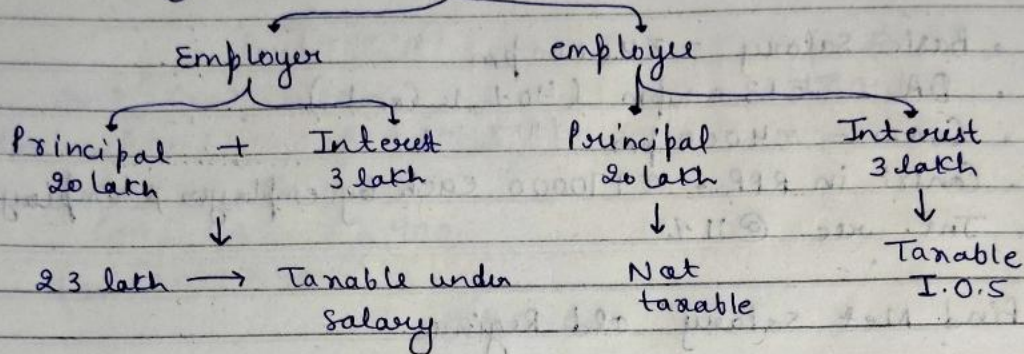
② Maturity



URPF

- employer Contri → Not taxable on yearly basis
- employer Contri → u/s 80C dedⁿ X
- Interest ← employer = Not taxable on yearly basis
- employee

• Maturity = Amt withdraw



Eg Employer & employee Contributed ₹ 2.5 lakhs each in in URPF & sec. int. @ 14% p.a & on maturity amt rec. was.

Employer's principal 40 lakh & int. 6 lakhs

Employee's 40 lakh & 7 lakhs

Find taxable amounts.

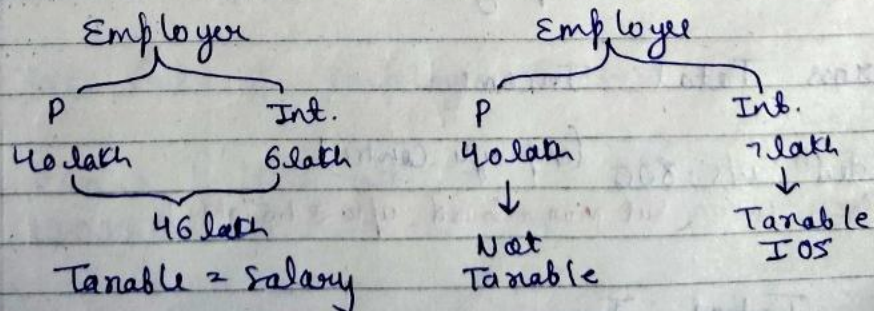
→ Yearly basic

Employer Control → Not taxable

Employee Control → SOC (X)

Int. received → Not taxable

Maturity



Calculation

- Que
- Basic salary = ₹40,000 pm (40K X 12m)
 - DA = ₹13,000 pm (40% of Cond.)
 - Comm = ₹4,000 pm (4K X 12m)
 - Contri in RPF = ₹17,000 each by employer & employee
 - Int. rec. @ 11%

Find Net salary old Regime

→ Calculation of Net Salary for PY 23-24.

Particulars	old.
• Basic salary (40,000 X 12m)	4,80,000
• DA (13,000 X 12m)	1,56,000
• Comm (40,000 pm X 12m)	48,000
• Employer Contri in RPF (WN1)	10,4912
• Int. on employer's Contri (WN2)	2,550
Gross Salary	7,91,462
less Stand ⁿ ded ⁿ	(50,000)
• Income under the head Salary	7,41,462
• IOS = Int on employee's Contri (WN3)	⊕ 2,550
Gross Total Income	7,44,012
less ded ⁿ u/s 80C (Employer contri)	(1,50,000)
(Amt inc = 17,000 but max allowed upto ₹1.5 lakhs)	
Total Income	5,94,012
(under sec 288A)	5,94,010

WN (1)

Employer's Control in RPF

Particulars	£
Amt Contributed	170,000
less upto 12% of Salary	
Basic 480,000	
Cond DA 62,400	
(DA $156,000 \times 40\%$)	
	<u>542,400</u>
Exempt 12% of 542,400	(65,088)
Taxable amt	<u><u>104,912</u></u>

WN (2)

$170,000 \times 11\%$	18,700	
Exempt (9.5%)	<u>(16,150)</u>	
	2,550	Taxable
Employer Salary		
Employer IOS		

WN (3)

Int. Cal. of Employee Control

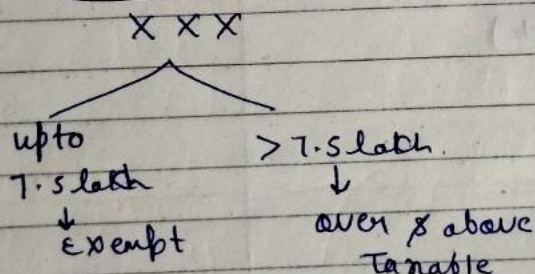
$$170,000 \times (11\% - 9.5\%)$$
$$170,000 \times 1.5\% = 2,550$$

④ Public Provident fund.

- Employer Contri
 - Self Contri / employer Contri
- ↓
- Int. rec.
 - Maturity
- 80C (old Regime)
- Exempt
Exempt.

* Employer Contribute (linked with PF)
+ Interest.

National Pension Scheme + RPF
+ NPS
+ Super annuation fund. Employer Voluntary pension start



To do this
Calculation
super annuation
fund should
be there in
the Que.

Que

Basic salary = 20 lakh

DA = 6 lakh (40% Cond.)

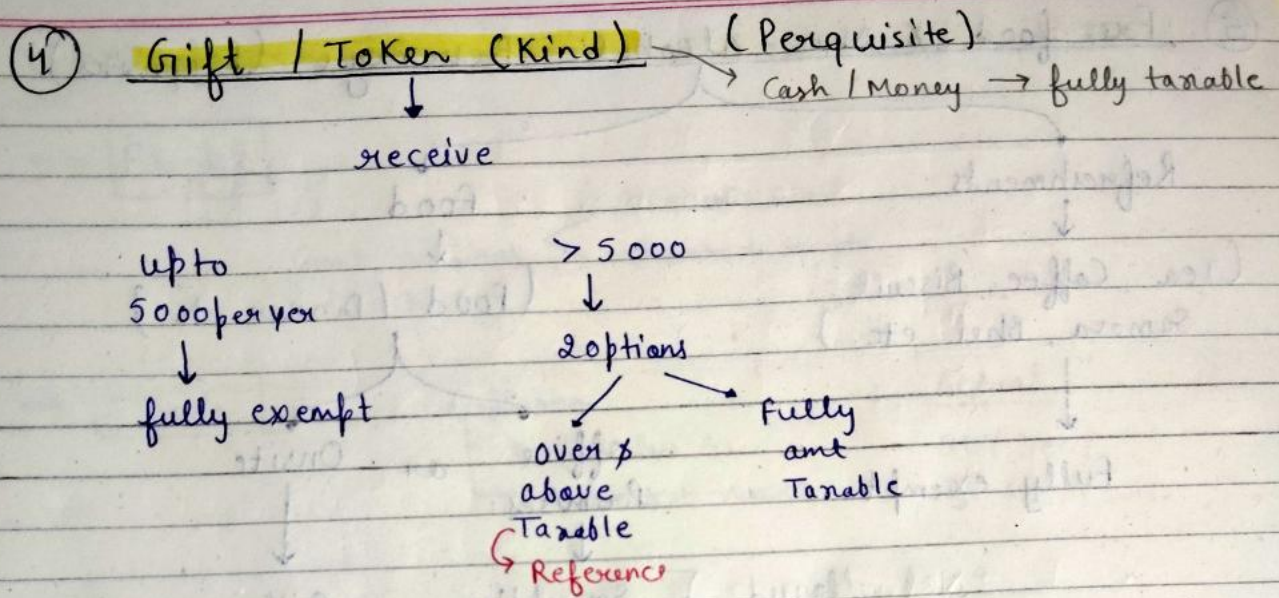
Employer Contri in RPF 4,50,000

NPS 3,00,000

Contri in super ann. fund = 6 lakh

Find Gross salary.

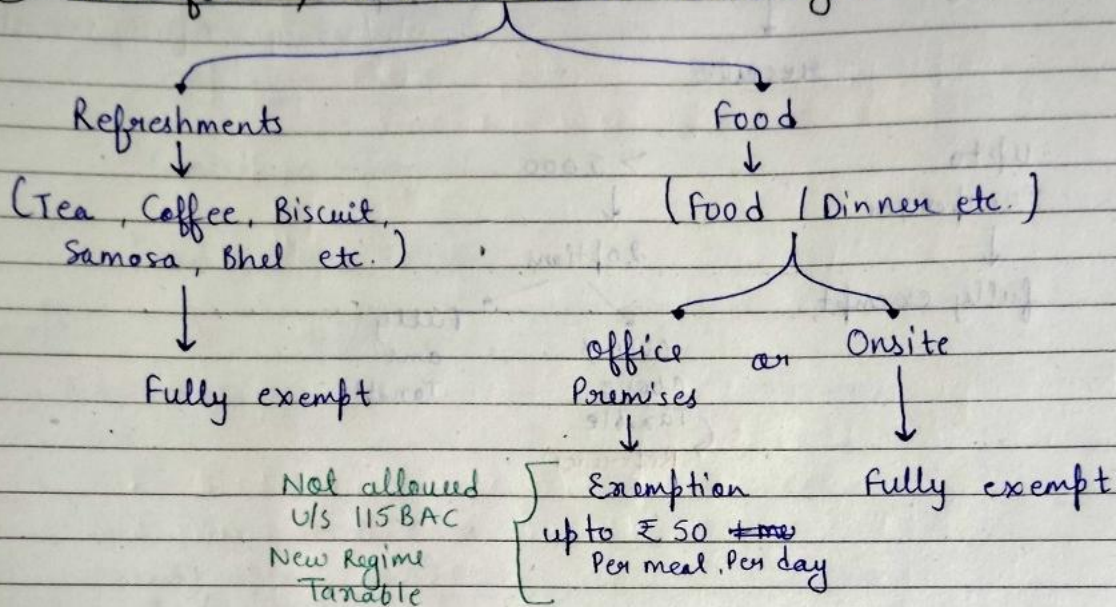
Particulars		
• Basic salary		20,00,000
• DA		6,00,000
• NPS		3,00,000
• RPF Rec 4,50,000		
Exempt upto (2,68,800)		1,81,200
12% of salary		
Basic 20 lakh		
Cond DA 2.4 lakh (6l x 40%)		
22.4l x 12%		
= 2,68,800		
• super annuation fund.		
super 6l		
RPF 450K		
NPS 630		
13,50,000		
Exempt (7,50,000)		6,00,000
6,00,000 Taxable		
		<u>36,81,200</u>



lec 15 21 Feb

Employee Contri = SPF } 2.5 lakhs
RPF }

⑤ Free food & Non-Alcoholic Beverages (Perquisites)



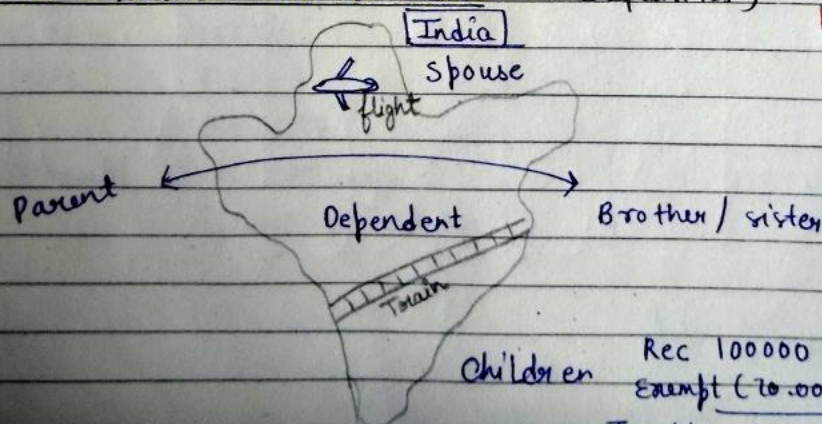
Eg

Assume 80Rs per Thali

(500rs) exempt

30rs x 200 days $\Rightarrow$ 6000 Taxable
(Assume)

⑥ Leave Travel Concession (Perquisites)



Exemption
Not allowed
U/S 115BAC

Rec 100000
Exempt (70,000)
Taxable 30,000

(i) Comparison Amount

⇒ Flight

Govt airlines (Air India)
 { Economic class
shortest route

⇒ Train

Comparison

→ 1st class AC
→ shortest route

Actual

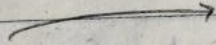
SL/Gen/

3A/2A/1AC

2 leaves allowed in a Block of 4 Calendar Year

2022-2025

x	x	1
x	x	0



2026-2029

✓	
✓	✓

leave = max 1 leave
C 1 forward

- In a block of 4 Calendar year (2022 to 2025), exemption for max. 2 leaves are allowed.
- If any 1 leave is taken or No leaves are taken,

then in both such cases only 1 leave can be carried forward and it has to be used compulsorily in the first year of next block else it will get lapsed.

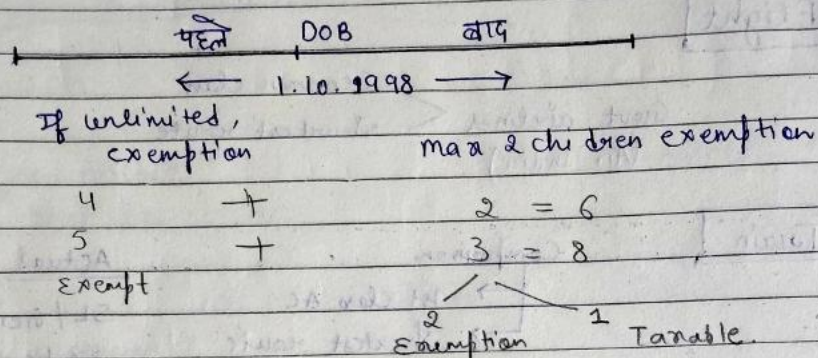
2022-2025

→ C/F →

2025-2029

1st	
✓	✓

Concept of twins



- 1 + twins → 3 Exemptions
- twins + 1 → Taxable.

Que Find L.T.C. Taxable & exempt amount

Case	Actual Exp. suc.	Actual Exp.	Comparison amt	Exempt	Taxable
I	50,000	40,000	42,000	40,000	10,000
II	50,000	40,000	56,000	40,000	10,000
III	50,000	40,000	37,000	37,000	13,000
IV	50,000	57,000	52,000	50,000	0
V	50,000	39,000	34,000	34,000	16,000

7

Medical (Perquisite)

(Medical allowance)

↓
Fully taxable

Outside India

within India

Treatment

(A) Outside India

Travel

Stay

Treatment

Exempt

2 Persons

2 persons

1 person

Check G.T.I.
(Gross Total Income)

Excluding Travel amt

up to
2 lacs

Travel
exempt

> 2 lacs

Travel
Taxable

RBI limit tak exempt
over & above → Taxable

Eg

Travel outside India

Net Basic Salary	130000
Travel Exp. rec'd	40000
Cap. Gains	60000

Family = self, spouse, children, dependant Parent / Bro / sis.

Sol

	G.T.I	
Basic Salary	130,000	
Cap.	60,000	
	<u>190,000</u>	(below 2 lakhs)

~~Taxable~~ Travel exempt.

Eg

Net Salary = 130,000
Travel exp. rec. = 40,000
Cap. Gain = 80,000

130,000 } 210,000
80,000 } $\therefore$ Travel amt will also be taxable

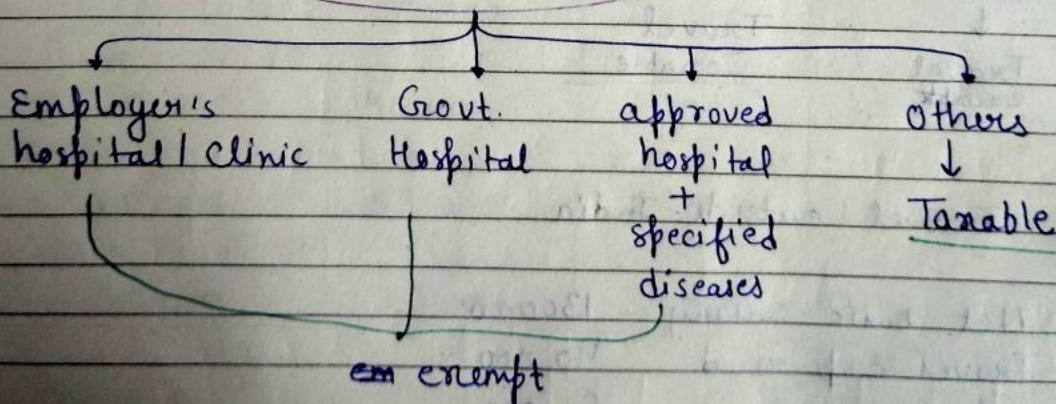
• Stay / Treatment $\Rightarrow$

Suppose RBI limit = 5 lakh

Rec. = 5,40,000

~~(5,40,000)~~ $\therefore$ 40,000 Taxable

(B) Treatment within India



- Insurance = Medical / Health / Accident → exempt
life insurance = Taxable

⑧ Gas / water / Electricity (Perquisites)

Manufactured
by the employer
↓

Taxable = Manufacturing
Cost per limit

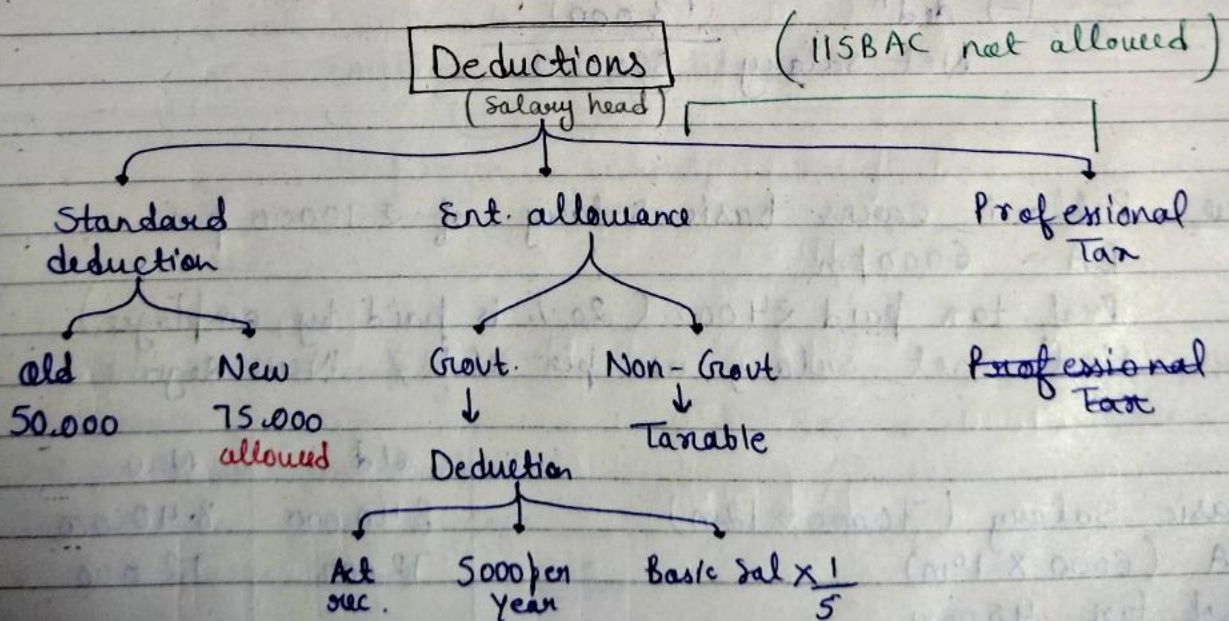
Provided by a third
Party but paid by the
employer
↓

Taxable = Amt paid by
the employer

Eg

Electricity = 40 kilowatts
manuf. Cost = 25 rs
Per unit.

Taxable = 1000 rs



Lec 16 21 Feb evening

* Professional Tax

→ to State Govt.

(1) employee directly pay (Apni Pocket se)

Net (-)

Gross Salary 8,00,000
 (-) Dedⁿ (3,000)
 Net Salary 7,97,000

Prof. Tax pay → 3,000.

(2) Employer pay (behalf of employee)

Net (+)
 and (-)

Basic Sal. 8,00,000
 employer pay + (3,000) (Prof. Tax)

Gross salary 8,03,000
 (-) dedⁿ (3,000)
 Net salary 8,00,000

Que Pallavi earns basic salary of ₹ 70,000 p.m

DA = 6000 p.m

Prof. tax paid ₹ 4000 (20% is paid by employee)

Find net salary as per old & New Regime

	old	New
• Basic Salary (70,000 × 12m)	8,40,000	8,40,000
• DA (6000 × 12m)	72,000	72,000
• Prof. tax 4000 × 12	48,000	48,000
80% by employee + 3200	3200	3200

Gross Salary	915,200	915,200
less standard ded ⁿ	(50,000)	(75,000)
	865,200	840,200
less Prof Tax Employer by employee	(3,200)	-
by employee (40,000 x 20%)	(8,000)	-
Net salary.	861,200	840,200

⑨ Few Perquisites

(i) Free Domestic Services

Amt by employer will be taxable to employee

(ii) Education facilities for children

No limit on no. of children

Employer own children

⊕

Employer a school / Tie up.

yes
↓

Cost to the employer
1 month per child

(-) 1000rs pm upto per child

(-) Recovery from employee
Taxable xx

no.
↓

Cost to the employer xx

(-) Recovery (xx)

Taxable xx

Que Cost to the employer £4200 pm per child.

3 children

employer school

Recovery is £300 pm per child.

Cost to employer 4200

dedⁿ (1000) per child.

(-) Recovery (£00)

Taxable 2900 pm per child

X 3 child

X 12 month

Taxable persq. 104400

Note: Alternatively we could have taxed £4200 - recovery & the exemption of £1000 pm child will not be allowed.

Que What if in the above case the school is not of the employer?

Cost of employer

71000 → 1800 pm

avg & above taxable

or fully Taxable 1800

(xx) 1000 800

preferable