

Lec 8 14 Feb

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

$\begin{array}{r} 2000 \\ - 1100 \\ \hline 900 \text{ pm} \times 7 \text{ month} \\ = 6300 \end{array}$	+	$\begin{array}{r} \text{uniform } 4500 \\ - 3900 \\ \hline 600 \text{ pm} \times 7 \text{ month} \\ = 4200 \end{array}$
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⇒ 10,500

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

	①	②	
limit	500 pm	500 pm	
Rec	400 pm	600 pm	Actual Exp - 550 pm
	(Full exempt)	(100 pm taxable)	Not Matter.

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

Exemption → ₹ 100 pm Per child for Max 2 children

Eg

	'A'	'B'	(A & B children)
Rec	250 pm	380 pm	
Exempt	(100)	(100)	
	150 pm	280 pm	
	x 12m	x 12m	
	1800	3360	} ⇒ 5160 rs (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>	} → 960 Taxable.
	X 12m	X 12m	
	<u>480</u>	<u>480</u>	

(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	→ 460 X 12m
Exempt.	(100)	(100)	X 12m	
	120 +	120 +	<u>2640</u>	
	X 12m	X 12m		
	<u>1440</u>	<u>1440</u>		} → 2880 Taxable
120 + 120 + 220 = 460 pm X 12m				
Taxable <u>5520</u>				→ 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	<u>(100)</u>	<u>(100)</u>	<u>0</u>	
	40	+ 20	+ 90	→ 150 x 12 months
				= <span style="border: 1px solid black; padding: 2px;">1800</span> taxable.

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

→ Per year.

4000	{	A 1333
		B 1333
		C 1333

	A	B	C	
Rec	1333	1333	1333	
Exempt	<u>(100)</u>	<u>(100)</u>	<u>(0)</u>	
(100 x 12 months)	<del>1233</del>	<del>1233</del>	1333	
	133	+ 133	+ 1333	→ <span style="border: 1px solid black; padding: 2px;">1599</span> taxable

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

3000	{	A 1000
		B 1000
		C 1000

	A	B	C	
Rec	1000	1000	1000	
Exempt (Max 1000)	<u>(1000)</u>	<u>(1000)</u>		
(100 x 12 mon)	<u>0</u>	<u>0</u>		
1200				(1000 Taxable)
				<span style="border: 1px solid black; padding: 2px;">1000</span>

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)	( <del>300</del> )	(300)
	200pm	270pm	330pm
	<del>12 months</del>		<del>12 months</del>
	<u>(4800)</u>		<u>(3960)</u>

$$4800 + 270 + 330 \times 12 \text{ months} \rightarrow \boxed{6000} \text{ taxable}$$
$$200 + 270 + 30$$

- ₹100pm  $\rightarrow$  children education allowance  $\rightarrow$  ₹100pm ,  
Per child for max. 2 children.  
(Tribal  $\rightarrow$  आदिवासी)
- ₹200pm  $\rightarrow$  Tribunal 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

Rec 400 pm  
 exempt (200)  
 200 pm x 12 month  $\Rightarrow$  2400

Underground allowance

Rec. 700 pm  
 exempt ~~700~~ pm fully exempt ~~700~~ 0  
100

Transport allowance

2200 pm x 12 month  $\Rightarrow$  26400

Taxable 28800

Q Disable Person.  
 Transport allow. rec. = ₹ 3400pm  
 Act exp. = 3300pm

$$\begin{array}{r} 3400 \\ \underline{3200} \\ 200 \\ \times 12m \\ \hline \underline{2400} \text{ Taxable} \end{array}$$

Q \* Running allowance :-

Q Rec. 16000pm.      10000pm      } lower.  
 70% x 16000 = 11200pm

~~10000pm x 12month~~  
 Rec. 16000pm  
 Exempt  $\underline{(10000)pm}$   
6000

6000pm x 12month =  $\boxed{72000}$  Taxable

Q Running allow. rec. ₹ 12000pm.

$$\begin{array}{r} \text{Rec} \quad 12000 \\ \quad \quad \underline{2400} \quad (12000 \times 20\%) \quad (10000) \\ \text{Exempt} \quad \underline{(8400)} \quad \text{Lower} \\ \quad \quad \underline{3600} \end{array}$$

3600 x 12month  $\rightarrow \boxed{43200}$  Taxable

Q R. allow. £ 10,000 pm

Rec.	10,000	(10000 × 20%) (2000)
Exempt	(7000)	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

↓  
Ded<sup>n</sup> = 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.

Prd

$$\text{Basic salary} = \frac{£ 2100 \times 1}{5} = 420$$

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)

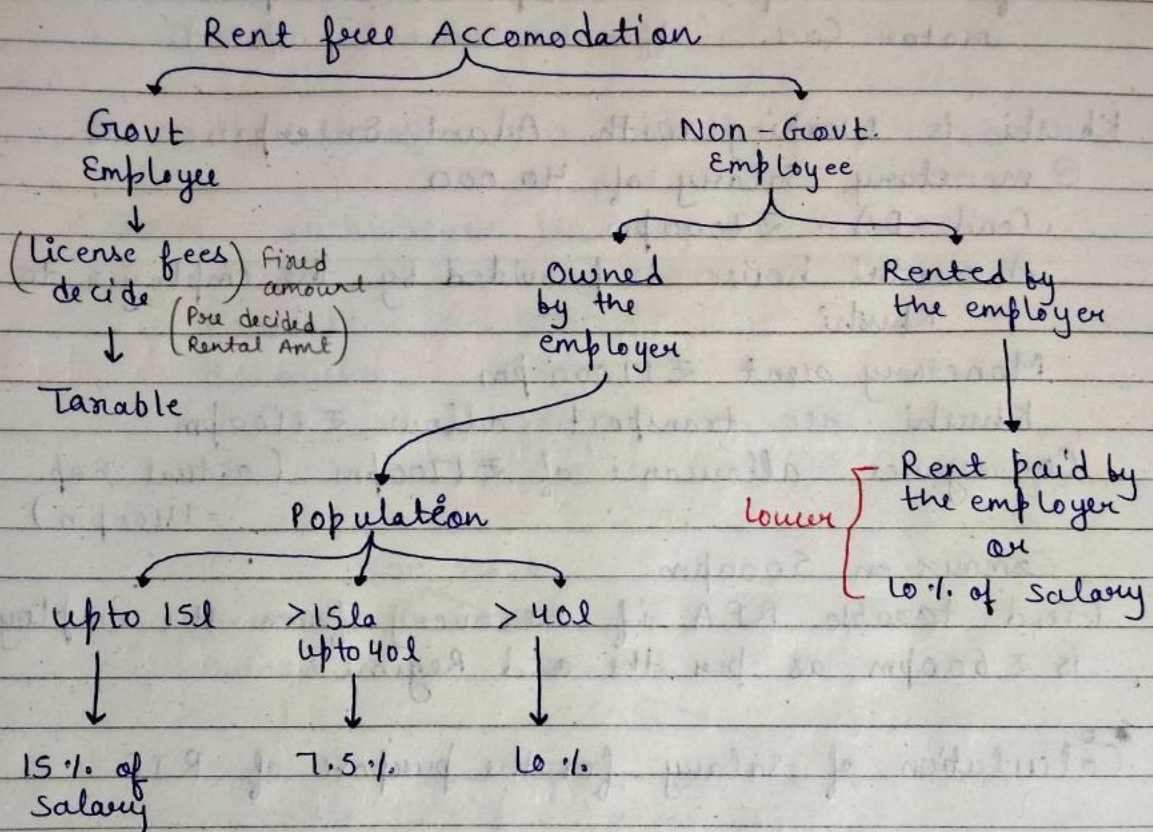
4 allowances are exempt

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

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

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\* 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 = ₹7,000 pm

A rental house is provided by the employer to Khushi

Monetary rent ₹17,000 pm

Khushi rec. transport allow. ₹11,000 pm

Conveyance allowance of ₹17,000 pm (actual Exp. = 14,000 pm)

Commission 5,000 pm.

Find taxable RFA, if recovery from the employee is ₹6,000 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. = 11,000 pm × 12 months = 13,200

Conveyance allow. = 17,000 pm - 14,000 pm × 12m = 36,000

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

Salary for the purpose of RTF 6,40,800

× 10%

64,080