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(10) Provident fund.

(i) Statutory provident fund. (SPF)

Int on EE's cont → Exempt

Int on ER cont → Exempt

EE contribution — Ignore (Dedⁿ u/s 80C Allowed)

SPF

ER contri — Exempt

↓

Lumsump Amt recd by EE on retirement

↓

Exempt u/s 10 (11)

Recognised provident fund.

Int on EE's contribution → Exempt upto 9.5% p.a.

Int on ER's contribution.

EE contri — Ignore (Dedⁿ u/s 80C Allowed)

RPF

ER contribution (Exempt upto 12% of Salary) (Basic + DA(T) + T/O Comm)

↓

~~Lumsup~~

Lumsump Amt recd by EE on retirement

↓

Exempt u/s 10 (12)

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(i) Lumsump amt received from RPF is exempt u/s 10(12) If employee has rendered Service 5 years or more. if employee rendered Service less than 5 years then exemption claim received earlier in respect of employer contribution & interest shall be withdrawn.

However in the following 3 cases exemption shall not be withdrawn even though services less than 5 years.

1) employee retired due to ill health
2) employee retired due to closure of employer business.
3) employee has retired with the instruction that his balance in RPF should be transfer to new employer or NPS U/S 80CCD

iii) URPF

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(iii) Unrecognised Provident Fund (URPF)

Int on EE contr → Exempt ← Int on ER contribution

EE contribution (IGNORE) → URPF ← ER Contribution → Exempt

URPF ↓

Lumsump Amt rec'd by EE on retirement

- EE's contr → IGNORE
- Int on EE's contr → Taxable under IFOS
- ER Contr, Int on ER contri → Taxable under Salary

$\frac{13000}{13\%} = 100{,}000 \times 9.5\% = 95000$

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Mr. B.

(PY 24-25 AY 25-26)

Computation of Gross Salary

Basic salary (10000 x 12)		120000
DA (8000 x 12)		96000
T/o commission (500000 x 0.1%)		5000
Gratuity recd during employement		25000
Bonus		40000
ER. con towards RPF (120000 x 20%)	24000	
− Exempt 12% of salary (BS + DA(T) + T/o com) (173000 x 20%) (120000 + 48000 + 5000)	20760	3240
Intrest on RPF		
− ~~emre~~ exempt up to 9.5% (13% 13000, 9.5% 9500)		3500
Gross salary		292740

Approved ~~NA~~

12) SUPEE Annuation fund

Exempt ← Int on EE Contr

Intrest on ER contr → Exempt

EE contribution — IGNORE ↓ (Dedⁿ u/s 80C)

ER contribution → Exempt upto 7,50000 p.a. u/s 17(2)(vii)

$\boxed{\text{ASF}}$

↓

Lumsump Amt recd by EE on retirement

↓

Exempt u/s 10(13)

1) unapprovedⁿ supeE Annuation fund.

Treatment same as the URPF

16) Perquiste Sec 17(2)
(Benefit)

It means extra Benefit offer by employer to EE. it may be monetory or non monetary.

Difference between perquiste and allowance

A) Allowance - It means monetory fix amount received by employee from employer whether actual amt spent or not it is part of salary

e.g HRA, DA, Medical Allowance etc.

B) Perquiste - It means benefit or Facility provided by employer to employee It is received by actual expenditure is incurred

e.g : Car facility, House facility, medical facility.

1. Leave Travel Concession.

Travel benefit anywhere in india.

RIL ⟶ Raja + Family

Exempt u/s 10(5)

- Travel by AIR
  - Exempt Amt
    - i) Actual exp xxx
    - ii) Economy Class xx.
- Travel by any other way
  - Raillway facility available.
    - Exemption.
      - i) Actual cost xx
      - ii) 1st class Railway fare xx
  - Railway facility not Available
    - Recognised Transport facility Available
      - Exempt Amt
        - i) Actual Exp xx
        - ii) Deluxe class fare xx
    - Recognised transport Not Available
      - Exempt Amt
        - i) Actual Exp xx
        - ii). 1st class Railway AC fare of similar Distance. xx

* Assessee

Spouse — 1/10/1998 → 2 max Children
Children
Dependent mem
(B/S/M/F)

Notes

1) Exemption of LTC available for the travel of employee, spouse, children & Dependent mem (B/S/M/F)

* exemption of LTC available for 2 children born on or after 1/10/98. (limit is not Applicable in case of multiple birth after 1 child)

e.g ① 1st time → 1 child.
2nd time → 2 children
3 children
Exemption for all three.

② 1st time → 2 children
Next time → 1 child.
3 children
Exemption for 2 children

LTC exemption is available for 2 year in block of 4 years. If exemption is not claim in any block then 1 year can be carry forward to be next block

(current block is 2022 to 2025)

Hw-2

2) Medical facility

Treatment in india.

Govecement Hospital
Treatment employer
own Hospital
Treatment in Govt
recognised Hospital.
↓
Fully exempt

Otherwise
↓
Fully
Taxable.

Treatment O/S India.

...efit of
...atment

Benefit of
stay

↓

Exempt upto limit
prescribed by RBI

Benefit of
Travel
↓
It is Fully Exempt if
GTI is upto 200000
otherwise if is
fully taxable

Exemption For treatment is allowed For employee
Spouse, Children and dependent relative.

Exemption For stay & travel is allowed For
only Patient and one Attendent

3) Medical ~~benefi~~ Insurance premium benefit is fully exempt.

4) Exemption Allowed in respect of any e illness related to covid -19.

Conditions

1) employee should submit covid positive repo[rt] to employee.

2) Treatment of illness is related to covid-19 [i]f it suffered within 6 months. from the date of being determined as covid 19.

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5) Gift to employee.

- Gift in money → fully taxable
- Gift in kind → Fmv of Gift is less than 5000p.a then it is exempt otherwise fully taxable.

1) ESOPS: Employee Stock option plan

It means issue of share at Concessional rate to employee

taxable amt = fmv of Shares - issue price of Shares

★ fmv should be taken on the date on which Employee exercise the option.

Loan given to employee without interest or concessional rate.

$$\text{Taxable Amt} = \text{loan Amt O/S (at the end of Month)} \times \left[\text{SBI Int Rate on 1}^{st}\text{ April of p.y} - \text{Actual int rate} \right]$$

Notes

If loan is upto 20000 then interest benefit is not taxable

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5) If loan is taken for treatment of specified disease the int benefit is not taxable if even if the loan amt is more than 20000.

6) Use of Movable Asset

~~Use of Asst~~

Computer / Laptop ↓ Fully Taxable

CAR ↓ Discuss later

Any other As (Bike, TV, Furni etc)

↓ Owned by employer. ↓ Taxable amt = 10% of cost

↓ Hired by E ↓ Higher charges Paid by emply

7) Transfer of Movable

Computer / Laptop ↓ Taxable Amt = WDV - Considration ↓ Dep @ 50% on WDV method

CAR ↓ Taxable Amt = WDV - cond^n ↓ Dep @ 20% on WDV method

Any other ass ↓ Taxable Amt = WDV - Considra ↓ Dep @ 10% on SLM method

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Dep^n should be calculated for $\boxed{\text{completed year}}$ from the date on which asset acquired by ER till the date on which Asset transfer to employee

1) e.g. SS ltd. acquired a car for ₹ 600,000. on 10th Dec2020 car is transfered. to employee mr. ved on 7th July 2024 for ₹ 30000 calculate value of perquisite in hands of mr. ved.

Taxable perquisite = WDV - Consideration.

	₹	
cost of CAR	₹ 600,000	
		10/12/20 → 9/12/21
− Dep 1st year	(120000)	10/12/21 → 9/12/22
	480000	10/12/22 → 9/12/23
− Dep 2nd year	(96000)	10/12/23 → 9/12/24
	384000	7/7/24
(−) Dep 3rd year	(76800)	
	307200	

8) Lunch Facility

It is exempt if value is upto ₹ 50/-meal, it is exempt, if lunch is provided ~~if~~ in office premises or through paid vouchers.

If value is more than 50 per m then excess of ru 50 is taxable.

Note

1) Tea, coffee or breakfast provided in office : not taxable.

2) lunch is provided in remote area then not taxable.