

(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 (CPIER की 31000 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

(जैसे ग्रा employer रहता है वही
Inflation Rate लगता 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
- Tax
Calc mai
add
↓
Yes/No

Eg (D) 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
Maanergi)

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

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

• Basic Salary = 60,000 × 10 months = 6,00,000

• Conditional D.A.

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

• Fixed % Comm on T/O.

$$40 \text{ lakh} \times 2\% = \frac{80,000}{8,20,000}$$

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

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

(iv)

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

Just an example

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

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

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

divide because → (Avg total time in mo)

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

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

⇒ 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 28 days each) = 280 days
 → ignore fraction

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

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

(v) 11 yrs 8 months x 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% & 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 x 10 Months	2,00,000
• Conditional D.A	
$\frac{\text{DA}}{10,000} \times 30\% = 3000 \times 10$	30,000
• Fin 1% Comm on T/o	35,000
35 lakh x 1%	
	<u>2,65,000</u>

$$\left(\frac{2,65,000}{10} \times 10 \right) \rightarrow \underline{\underline{2,65,000}}$$

→ 4th limit

9 yrs 3~~Month~~ x 32 days
→ Ignore
→ Counted Max 30 days.

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

→ (Avg)

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

Rec exempt		2,17,400
Start limit 25l		<u>(2,17,300)</u>
Rec	2,17,400	<u>1,95,600</u>
3 rd limit 265000		Taxable
4 th 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

• TLo for the year ₹ 24 lacs (12 months) $\left(\frac{24 \text{ lakh} \times 3\%}{12 \text{m}} \right) \times \frac{10 \text{m}}{12 \text{m}}$
= 60,000

• % Comm 3%

• Total yrs of service 11 yrs 11 Months

• Leaves allowed per year 34 days per year
→ Max 30 days

• 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

$$\frac{242 \times 3\% \times 10 \text{ men}}{12 \text{ men}} = \frac{60,000}{342,000}$$

4th limit

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

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

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

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 (115BAC) (-) stand. dedⁿ $= (75,000)$
Net salary $= \underline{\underline{25,20,180}}$

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

- 24th Apr to 31 Dec 24 (9 Months)
- she retired on 31 Dec 2024 (9 Months)
 - Basic salary ₹ 40,000 p.m
 - DA = 15,000 p.m (20% of it is Conditional) (calc on for leave encash)
 - 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. ₹ 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 x 10)
 - Cond. DA 30,000
(15,000 x 20% (30,000 x 10))
 - Fin % Comm. on TLover 4,66,666.66
 $80L \times 7\% \times \frac{10}{12}$
-
- 8,96,667

$$\left(\frac{8,96,666.67}{10} \times 10 \right)$$

$$= 8,96,666.67$$

→ 4th limit

$$\left(\frac{377 - 68}{30} \right) \times 8,96,666.67 \Rightarrow 9,23,567$$

- | | |
|-----------------------------|------------|
| Rec. | 21,00,000 |
| (i) Start limit Bolaku | |
| (ii) Received 21,00,000 | |
| (iii) 3rd limit 8,96,666.67 | (8,96,667) |
| (iv) 4th limit 9,23,567 | |

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

$$\begin{array}{r}
 10\% = 1,12,500 \\
 2,068,330 \times 30\% = 3,20,499 \\
 \hline
 4,32,999 \\
 + 4\% = 1,73,199.6 \\
 \hline
 6,06,198.6 \\
 \hline
 4,50,318
 \end{array}$$

Round off u/s 288B = 4,50,320.