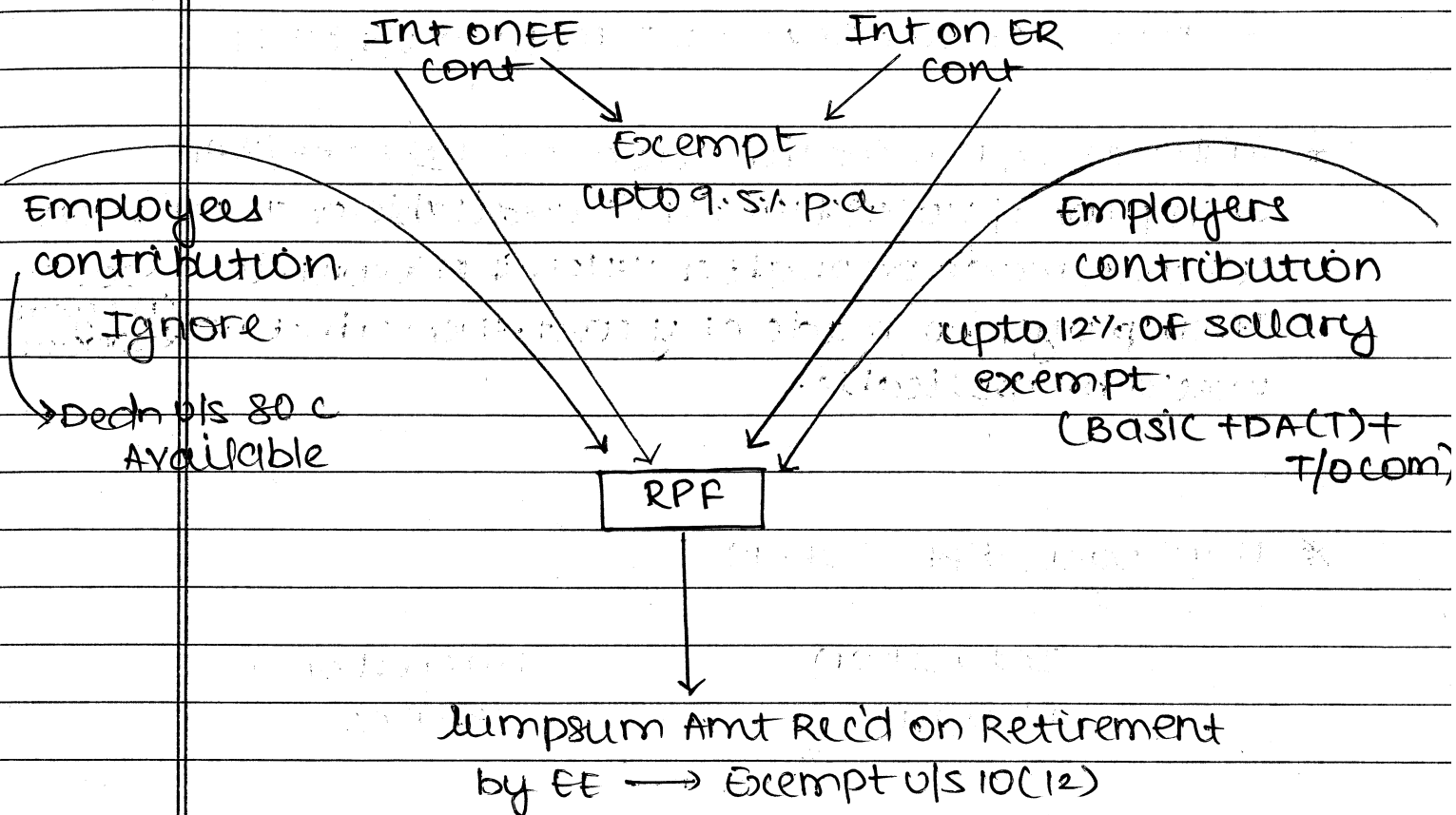


ii) Recognised Provident Fund (RPF)



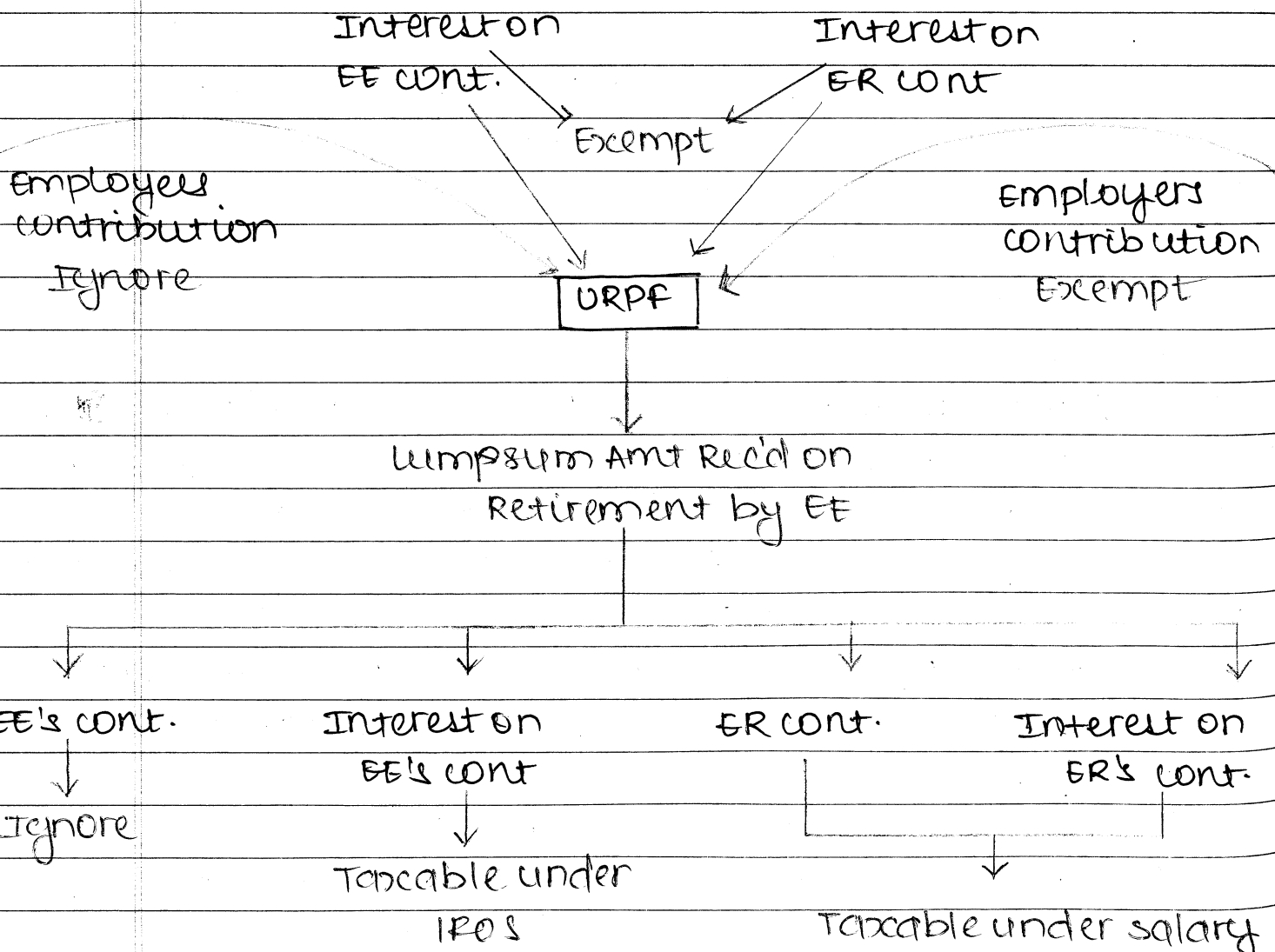
— Notes —

- i) Lumpsum amt rec'd from RPF is exempt u/s 10(12) if employee has rendered service of 5 years or more. If employee rendered service less than 5 years then exemption allowed in respect of employer contribution and Interest shall be taxable (withdrawal). However in the following cases exemption shall not be withdraw even though service is less than 5 years.
 - i) Employee retired due to ill health.
 - ii) Employee retired due to shut down of employers business.

iii) Employee has retired with the instruction that his balance in RPF should be transferred to New employer or to NPS Account referred u/s 80CCD

* Interest on EE's contribution towards SPF/RPF
Exemption u/s 10(11) & 10(12) not available on Interest on EE's cont. made on or after 11/4/21. If EE's cont. is > 250000, ^{in a year.}
If employer not made any cont. then limit of ₹500000 would be applicable.

* Unrecognized PF (URPF)



Q7
Pg 30

Mr. B

Computation of Gross salary

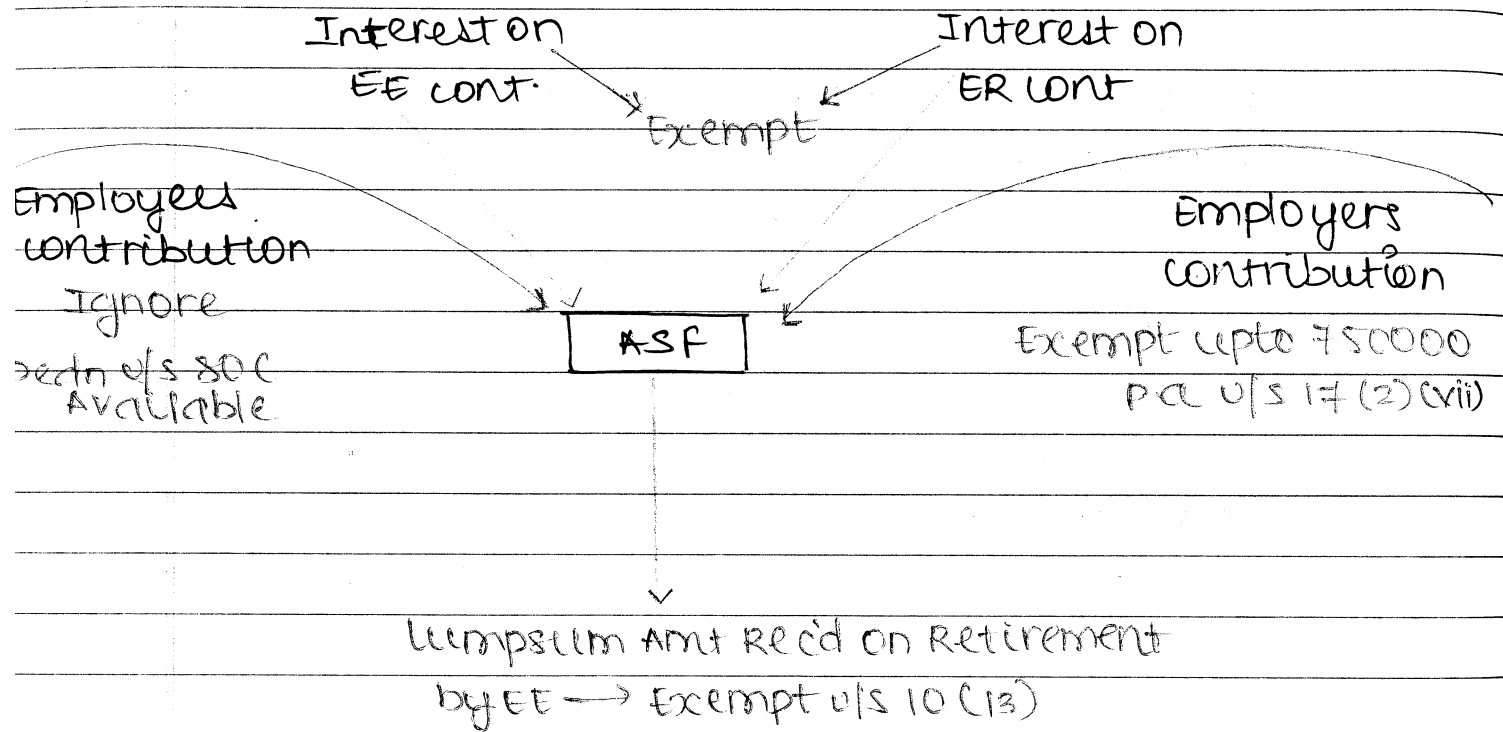
PY 25-26 AY 26-27

	₹
Basic Salary (10000 × 12m)	120000
D.A. (8000 × 12m)	96000
T/O commission (5000000 × 0.1%)	5000
Bonus	40000
Gratuity (Recd during employment)	25000
ER cont. to RPF (120000 × 20%)	24000
(→ Exempt upto 12% of salary : 20760 (173000 × 12%))	3240
(Basic + DA(T) + T/O comm) (120000 + 96000 + 5000)	
Interest on RPF 13% 13000	
(→ Exempt upto 9.5% = 9.5% 9500)	3500
Gross salary	292740

— NOTE 12 —

Super Annuation fund

(i) Approved super Annuation fund.



(ii) Unapproved super Annuation fund

→ Same as URPF

— NOTE 14 —

Perquisite :- [sec 17(2)]

It means extra benefit offered by employer to employee. It may be monetary or non monetary.

*** Difference between Allowance and Perquisite ***

a) Allowance :- It means monthly fix amount recd by employee from employer whether actual expenditure is incurred or not. It is part of salary.
 Eg:- HRA, Medical Allowance etc.

b) Perquisite :- It means Benefits or facilities provided by employer. It is recd when Actual expenditure is incurred.
 Eg:- Medical facility, Travel facility, House facility etc.

1. Leave Travel concession (LTC)

Exempt u/s 10(5)

Travel by Air

Travel by any other mode

Exempt

(i) Actual Expt xx
 (ii) Economy class xx
 Fare

Railway facility available

Exempt

(i) Actual Exps xx
 (ii) 1st class Railway AC fare

Railway facility NOT available

Teacher's Signature:.....

Recognised Transport
facility available

Recognised Transport
facility Not available

Exempt

- ↓ (i) Actual Exps xx
- ↓ (ii) Deluxe class xx

fare

Exempt

- ↓ (i) Actual Exps xx
- ↓ (ii) 1st class Railway xx

Ac fare of similar
distance

Notes -

1) LTC exemption is available for the travel in India for employee, his ^{her} spouse, children and dependent relative (mother, father, brother, sister).

* Children :- Exemption of LTC is available only for 2 children born on or after 1st October 1998

→ 1st time = 1 child 2nd time = Twin
Total 3 children :- Exemption allowed to all three children

→ 1st time = Twin 2nd time = 1 child
Total 3 children :- Exemption allowed to only 2 children

2) LTC exemption is available for 2 years during the block of 4 years (current block is 2022 to 2025)

2. Medical facility

Treatment in India

Treatment in Govt Hospital

Treatment in Employers
Own Hospital

Treatment in Govt. Recog.
Hospital

fully exempt

Otherwise

fully Taxable

Treatment outside India

Benefit
of Treatment

Benefit of
stay

Benefit of
Travel

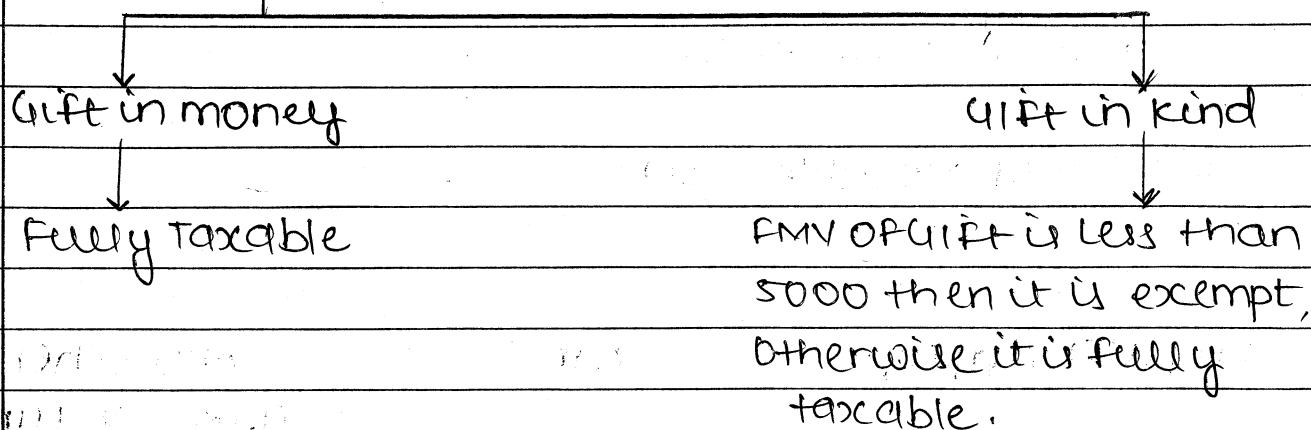
Exempt upto limit
prescribed by RBI

It is fully exempt if
Gross Total Income upto
800000 otherwise it is
fully taxable

— Notes —

- 1) Medical Insurance premium paid by employer for employee is fully exempt.
- 2) Exemption for treatment is allowed for employee, spouse, children and dependant relative (mother, father, brother, sister)
- 3) Exemption of stay and travel is allowed only for one patient and one attendant.
- 4) Exemption allowed in respect of treatment of covid 19 related illness. In this case employee has to be submit following document to employer
 - a) covid 19 positive report
 - b) documents of medical treatment of covid 19 related illness, suffered within 6 months from the date of being determined covid 19 positive.
 - c) A certificate of all the expenditure incurred on treatment.

3. Gift to Employee



4. ESOPS :- Employee Stock Option Plan

It means company offer shares to employee at concessional rates

$$\text{Taxable Amount} = \text{FMV of share} - \text{Issue price of share}$$

* FMV should be taken on the date on which employee exercise the option.

5. Loan given to employee without Interest or concessional Rate of Interest

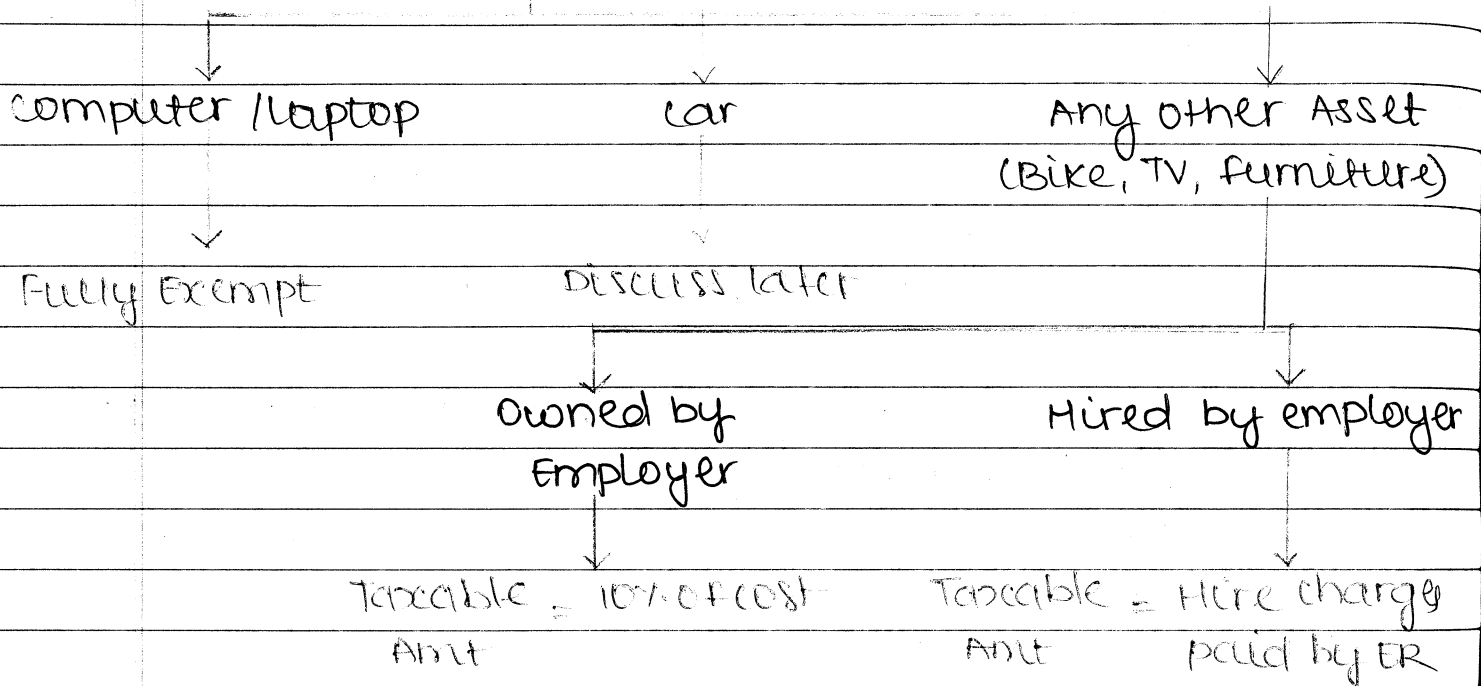
$$\text{Taxable Amt} = \text{loan Amt O/S (at the end of month)} \times \left[\text{SBI Int rate on 1st April of PY} - \text{Actual Interest Rate} \right]$$

NOTE -

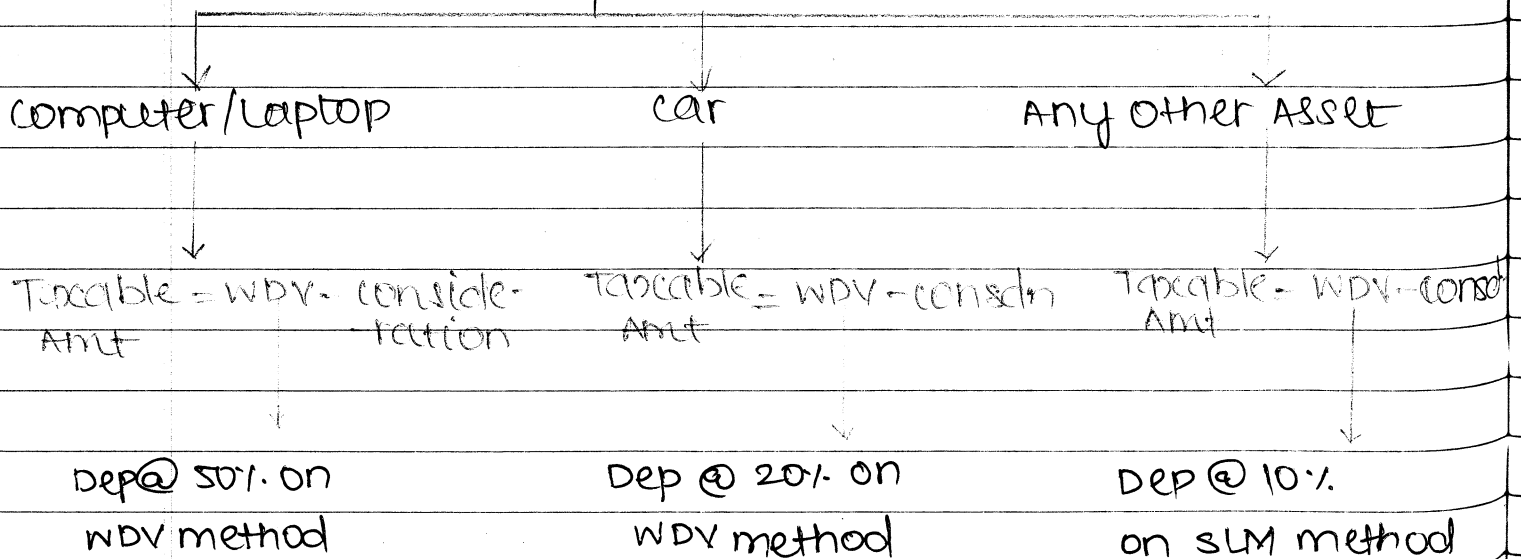
1) IF loan Amt is upto ₹ 20000 then Interest Benefit is not taxable.

- 2) IF loan is taken for treatment of specified disease then interest benefit is not taxable even if loan Amt is more than ₹ 20,000

6. Use of Movable Asset



7. Transfer of Movable Asset



NOTE -

Depn should be computed for every completed year from the date of Acquisition of Asset by Employer till the date of Transfer of Asset to Employee

Eg. Payal Ltd acquired a car for ₹ 600000 on 10/12/2021. Car is transferred to Mr. Jett on 7/7/25 for ₹ 30,000. Calculate value of perquisite taxable in hands of Mr. Jett.

→ Taxable = WDV - Consideration Amount

$$= 307200 - 3000$$

$$= 277200$$

COST OF CAR ₹ 600000

(-) Dep for 1st year @ 20% (120000)
480000

(-) Dep for 2nd year @ 20% (96000)
384000

(-) Dep for 3rd year @ 20% (76800)
307200

WDV 307200

10/12/21 ✓ → 9/12/22

10/12/22 ✓ → 9/12/23

10/12/23 ✓ → 9/12/24

10/12/24 ✗ → 9/12/25

Teacher's Signature:.....