— Note —

1) If employer also provided driver then 900 pm should be added above taxable Amt.

2) If more than 1 car is provided for POPP then 1 car is taxable according to above standard Amt and other car shall be taxable on the Assumption that it is fully used for personal purpose.

12. Transport facility for transport employer [free tickets]

1) For Airlines and Railway employee :- Airlines and Railway facility is fully exempt

2) For other employee :- fully taxable

13. Electricity, gas or water supply :- Taxable.

14. Free servant :- Fully taxable

15. Education facility :-

1) For employee :- Fully exempt
2) For children :- It is exempt if value of education is upto to ₹1000 pm/per child and education is provided in employer own institution or institution where employer have tie up.
3) For other relative :- Fully taxable.

16. Any other perquisite :- Fully taxable

— NOTE —

1) Perquisite No 11 to 15 are taxable only if the employee is specified employee. If employee is non specified employee then it is exempt.

2) Specified employee means

a) Director employee
b) Employee having cash salary of more than ₹ 400000 pa
c) Employee having substantial interest in employer's business

-- Following perquisites are fully exempt

1) Telephone or Mobile bill paid or reimburse by employer

2) scholarship to employees children

3) Goods sold to employee by employer at reasonable price

4) Tax on non monetary perquisite is paid by employer

5) Personal Accidental policy premium paid by employer

Note 17 -

Standard deduction u/s 16 (ia)

Opted sec 115BAC

(i) salary
(ii) 75000

Not opted 115BAC

(i) salary
(ii) 50000

Note 15 -

Professional Tax :-

It means tax on employment. If it is paid by employer on behalf of employee then first it should be taxable and their after dedn allowed u/s 16 and if it is paid by employee then only dedn is allowed.

PT paid by

ER

Add to statement (Taxable)

Deduction u/s 16 (iii)

EE

—

deduction u/s 16 (iii)

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Mr Balaji PY 25-26 AY 26-27

Computation of taxable salary

Particulars	₹	₹
Basic salary (50000 x 7m)	350000	
(60000 x 5m)	300000	650000
DA (40% of Basic salary)		260000
Bonus (50000 + 40%)		70000
Employer contribution to RPF (650000 x 16%)	104000	
(-) Exempt 12% of salary (Basic + DA(T) + T/o comm) (650000 + - -)	78000	26000
Professional Tax paid by ER		2000
Motor car facility (2400 pm x 5m)		12000
Gross salary		1020000
Less:- Deduction u/s 16		
a) Standard u/s 16	50000	
b) Professional Tax	2500	(52500)
Taxable salary		967500

- Notes:

1) We have assumed that DA is not a part of retirement benefit.

2) Facility of computer and laptop is fully exempt in hands of employee.

3) Motor car is owned by employer and running and maintaining charges is also paid by employer so taxable amt is ₹2400. since car is more than 1600 cc

Teacher's Signature:..................

4) Professional Tax paid by employer is 2000 first it is taxable under the head salary and after that dedn allowed u/s 16.

5) As per sec 10 (v) facility of leave travel concession facility within India is fully exempt provided employee travel in Economy class. Restriction of 2 children is not applicable if multiple birth after birth of one child.

— Note 11 —

Voluntery Retirement scheme Compensation (VRS)

Exempt u/s 10(10C)

(i)* salary pm x 3 months x No. of years of completion of service (fraction ignore)
(ii)* salary pm x No of Remaining months of service
(iii) Actual Amt Recd
(iv) Max. 500000

*salary pm = Basic salary + DA(T) + T/O comm.

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Mr Dutta PY25-26 AY26-27

Computation of Taxable VRS ₹

VRS compensation Recd		700000
Less:- Exempt u/s 10(10C)		
(i) Salary pm x 3m x No of years of completion of service	2250000	
25000 x 3 x 30 years		
(ii) Salary pm x No of Remaining months of service	1800000	
25000 x 72m (6 x 12m)		
(iii) Acnt. Act. Recd	700000	
(iv) Max 500000	500000	(500000)
Taxable VRS =		200000

Salary pm = Basic + DA(T) + T/O comm

= 20000 + 5000 −

= 25000

Eg Mr Shivam joined Indian Railway on 1st August 2020 on a pay scale of 20000 - 1000 - 23000 - 2000 - 29000 - 2500 - 34000
Compute salary for PY 25-26

→ 1/8/20 → 31/7/21
20000 pm

1/8/21 → 31/7/22
21000 pm

1/8/22 → 31/7/23
22000 pm

1/8/23 → 31/7/24
23000 pm

1/8/24 → 31/7/25
25000 pm
1/4/25 (25000 × 4m) = 100000

1/8/25 → 31/7/26
27000 pm
31/3/26
(27000 × 8m)
= 216000

= 316000

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Mr X PY 25-26 AY 26-27

computation of Taxable salary

	₹	₹
Basic salary		243000
(20000 × 9m) + (21000 × 3m)		
DA (10% of Basic salary		24300
Bonus (salary of march month)		21000
ER. cont. to RPF (15% of 267300)	40095	
(-) 12% of salary (Basic + DA(T) + T/o com		
(267300 × 12%)	(32076)	8019
Facility of laptop		Exempt
Medical treatment of Brother		25000
House keeper facility (1000 × 12m)		12000
Gift voucher		10000
conveyance Allowance	12000	
(-) Exempt (Actual exps	(12000)	-
Telephone Allowance (500 × 12m)		6000
Premium for personal Accidental policy		Exempt
House facility Benefit (Note 1)		29430
Gross salary		378749
Less :- standard deduction		(50000)
Net salary / Net Taxable income		328749

Benefits not available when Assessee opted sec 115BAC

1. HRA Exemption u/s 10(13A)
2. LTC exemption u/s 10(5)
3. Allowance exemption u/s 10(14)

4. Dedn u/s 16(ii) & (iii) for professional tax and entertainment allowance

5. Exemption for free meal upto ₹ 50.

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Mr. Hari PY 25-26 AY 26-27

Computation of Total Income and Tax liability

Income from salary (computed)	1020000
Arrears salary recd in CY	345000
GTI / NTI	1365000

Tax liability

upto 300000	—	—
>300000 upto 500000	5%	10000
>500000 upto 1000000	20%	100000
>1000000 upto 1365000	30%	109500
		219500
Add: HEC @ 4%		8780
		228280
Less:- Rebate u/s 89 (Note 1) (107640 - 92185)		(15455)
Net tax liability		212825
ie		212830

Note 1 :- Rebate u/s 89 [Step 1 - Step 2]

Step 1 :- Tax on CY income (Including Arrears salary) (1020000 + 345000) = 1365000 = 228280

(-) Tax on CY income (excluding Arrears salary) (1020000) (120640)

Step 1 107640

upto 300000	—	—
>300000 upto 500000	5%	10000
>500000 upto 1000000	20%	100000
>1000000 upto 1020000	30%	6000
		116000
	Add : HEC @ 4%	4640
		120640

Step : computation of Total Income and Tax liability of the year of Arrears salary

	PY 10-11 (AY 11-12) 58 yrs	PY 11-12 (AY 12-13) 59 yrs	PY 12-13 (AY 13-14) 60 yrs
Total income (including arrears salary)	813000 (Note 1)	942000 (Note 3)	1075000 (Note 5)
Tax on Total Income (including Arrears salary) (A)	100837	138638	151925
Total income (excluding Arrears salary)	710000 (Note 2)	825000 (Note 4)	950000 (Note 6)
Tax on Total Income (excluding Arreas salary) (B)	(78280)	(102485)	(118450)
Step 2	22557	36153	33475

92185