

- \* In case if fraction is more than 6 months, it should be rounded off.

#### CASES

- 35 years 4 months = 35 years
- 35 years 6 months = 35 years
- 35 years 9 months = 36 years.

- \* In case if fraction is more than 6 months, it should be ignored.

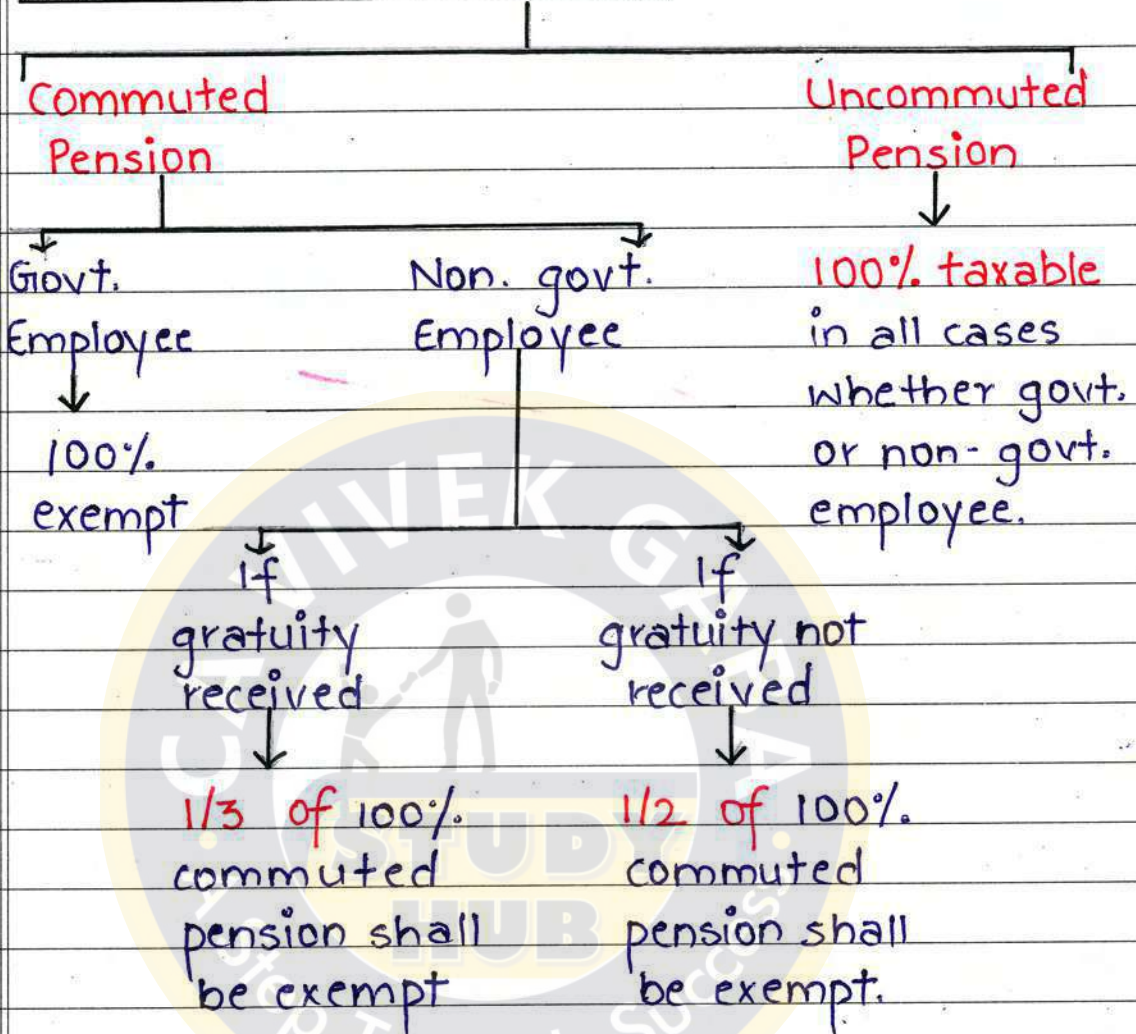
#### CASES

- 35 years 3 months = 35 years
- 35 years 11 months = 35 years.

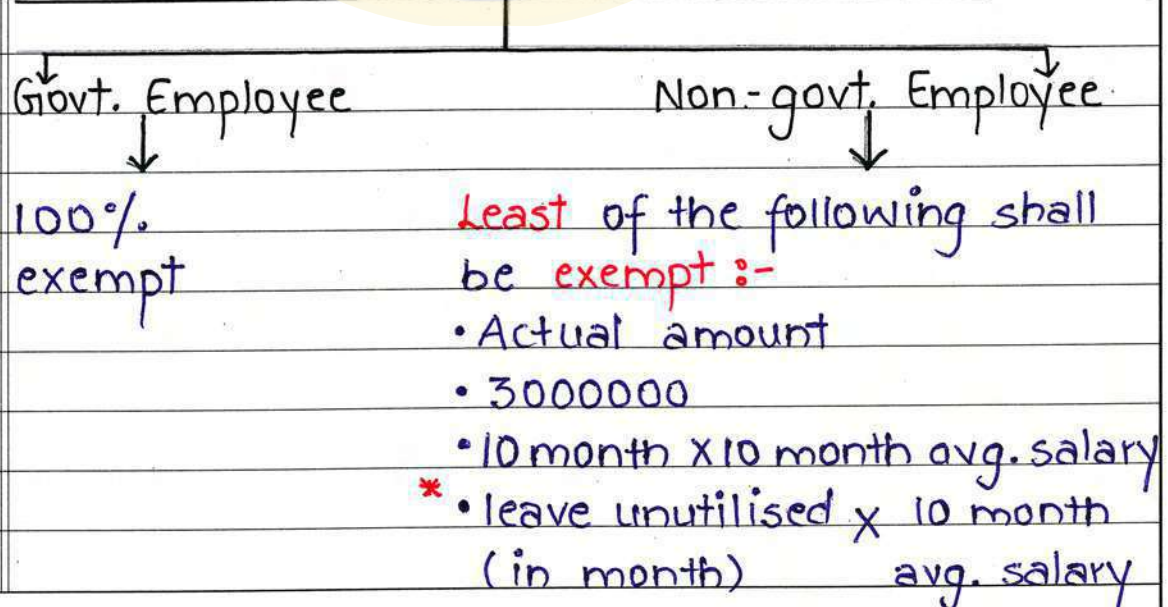
#### Focus Area

1. Gratuity received during the period of service is fully taxable.
2. Where gratuity is received from 2 or more employers in the same year the aggregate amount of gratuity exempt from tax cannot exceed ₹2000000.
3. Where gratuity is received in earlier year from former employer and received from another employer in later year, the limit of 20,00,000 will be reduced by the amount of gratuity exempt earlier.
4. The exemption in respect of gratuities would be available even if the gratuity is received by the widow, children or dependents of a deceased employee.

CASE : PENSION Sec 10(10A)



CASE : Leave Encashment Sec.10(10AA)



Remarks

$$* \text{ Earned Leave} = \text{Leave Allowed} - \text{Leave Taken}$$

$$\text{Unavailed Leave} = \frac{\text{xxx}}{\text{xxx}}$$

\* Maximum leave allowed = 30 or more  
(whichever is less)

\* Salary includes = Basic + D.A (LTOE) + Comm.  
(based on turnover).

CASE : Retrenchment Compensation Sec.10(10B)  
Voluntary Retirement Scheme sec.10(10C)

Retrenchment  
Compensation

VRS

Least of the following shall be exempt.

- Actual amount
- ₹ 500000
- As per Industrial dispute Act, 1947

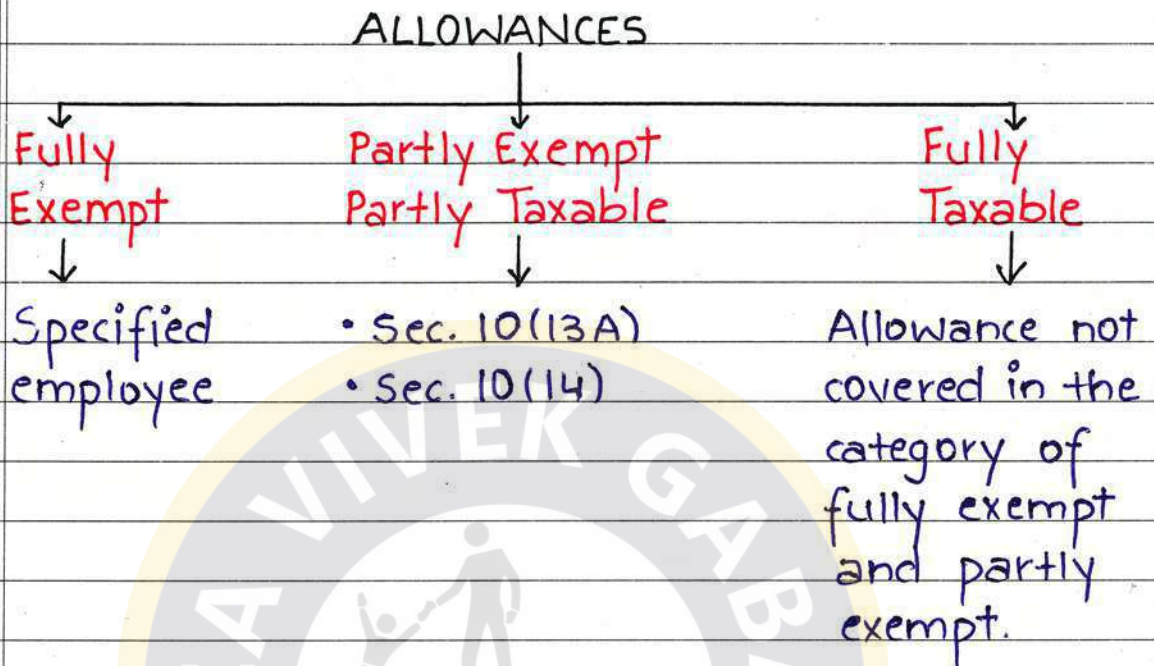
Least of the following shall be exempt.

- Actual amount
- ₹ 500000
- Remaining period of service X last drawn salary.
- completed year of service X 3 month X last drawn salary.

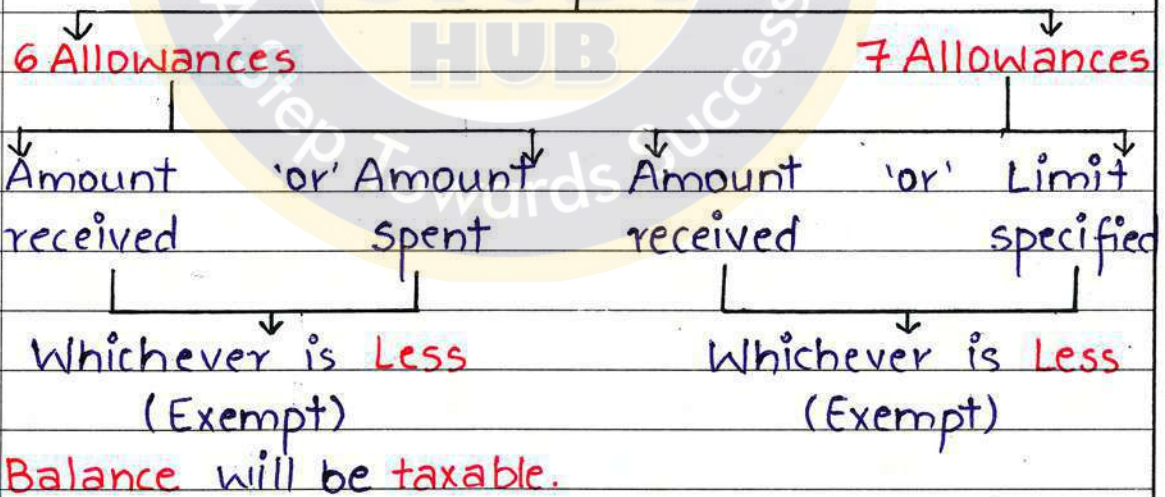
\* Salary = Basic + D.A  
(LTOE) + Comm.  
% based on turnover.

Remarks

Section - 10 Allowances



Section 10(14) Special Allowances



Taxable Portion =  $\frac{\text{Amount received} - \text{Amount exempt}}{\text{xxx}}$

Taxable Portion =  $\frac{\text{Amount received} - \text{Exempt}}{\text{xxx}}$

Remarks

- Daily Allowance
- Travelling Allowance
- Conveyance Allowance
- Helper Allowance
- Academic Allowance
- Uniform Allowance
- Children Education Allowance.  
100 p.m (per child)  
\*(Maximum 2 child)
- Hostel Expenditure  
300 p.m (per child)  
\*(Maximum 2 child)
- Transport Allowance  
~~1600 p.m (normal)~~  
3200 p.m (Handicapped)
- Outstation Allowance  
or Transport Company  
70% of amount received  
'or'  
10,000 p.m
- \* Whichever is more beneficial to employee. Less.
- Tribal Area Expenditure  
200 pm
- Underground Allowance  
800 pm
- Hill Border / Remote Area.  
200 p.m / 7000 p.m

\* Whichever is more beneficial to employee.

• Section 10(13A) House Rent Allowances.



$$\begin{array}{rcl}
 \text{HRA received} & = & \text{xxx} \\
 (-) * \text{HRA exempted} & = & \underline{\text{xxx}} \\
 \text{HRA taxable} & & \underline{\text{xxxx}}
 \end{array}$$

Remarks

\* **Least** of the following shall be **exempt :-**

- Actual HRA received.
- Rent paid - 10% of salary
- 50% of <sup>\*</sup>salary in metro city
- 40% of salary (other city)

\* **Salary Includes :-**

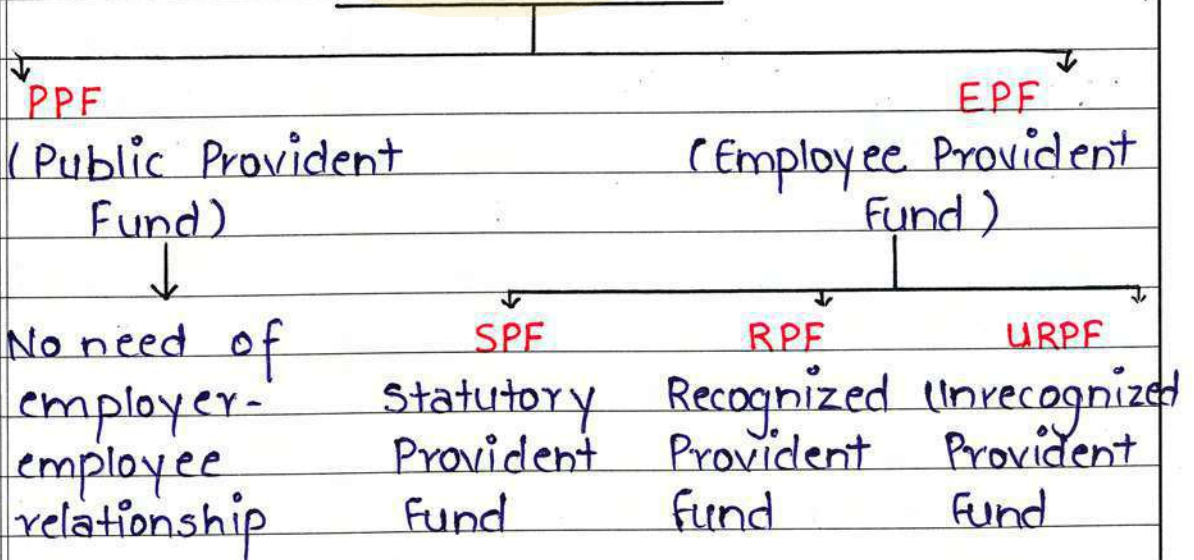
- Basic Salary
- + D.A (UTOE)
- + commission (% based on turnover)

**NOTE:** • Exemption is not available to an assessee who lives in his own house or in a house in which he has not incurred the expenditure of rent.

• Relevant period means the period during which the said accomodation was occupied by the assessee during the P.Y.

→

Provident Fund



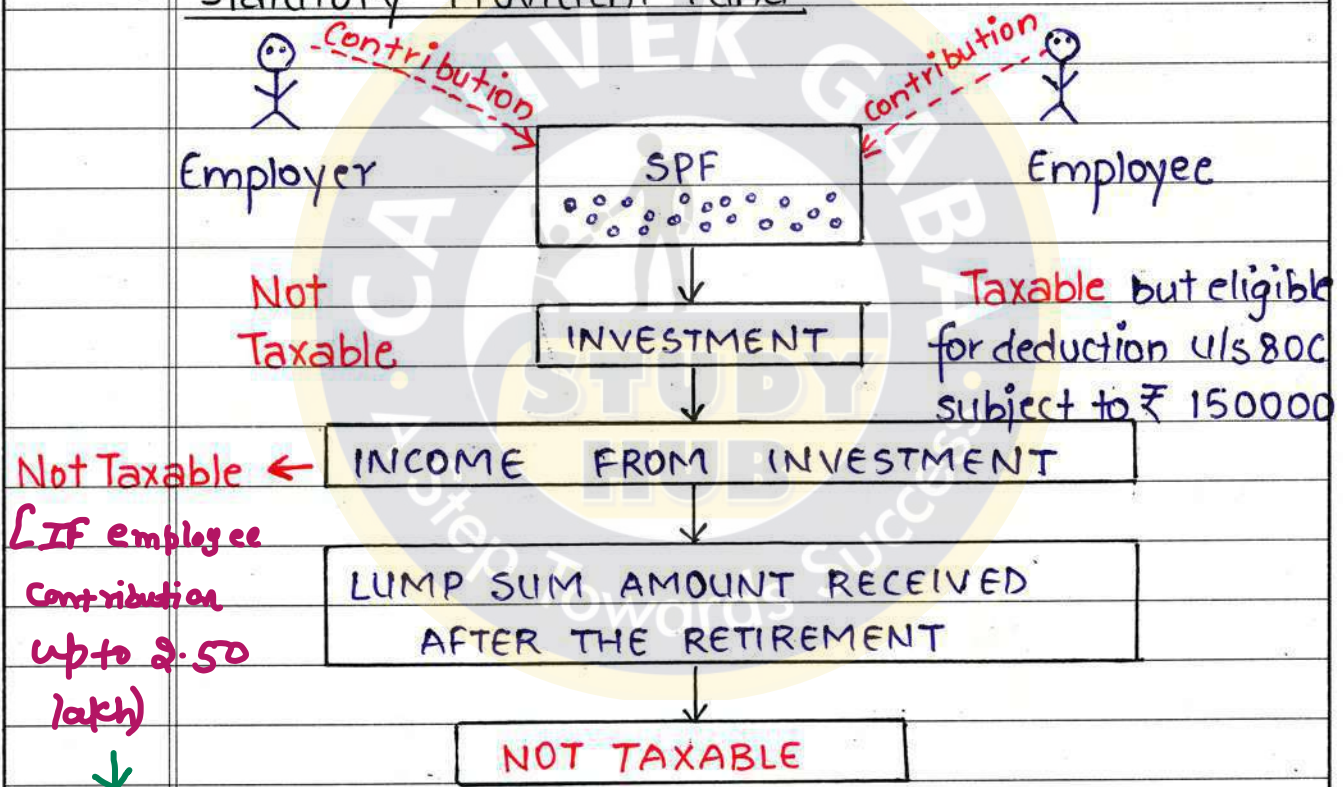
Remarks

Any public can contribute under this PF and claim deduction u/s 80 C

Treatment u/H Salary

No treatment u/H Salary

Statutory Provident Fund

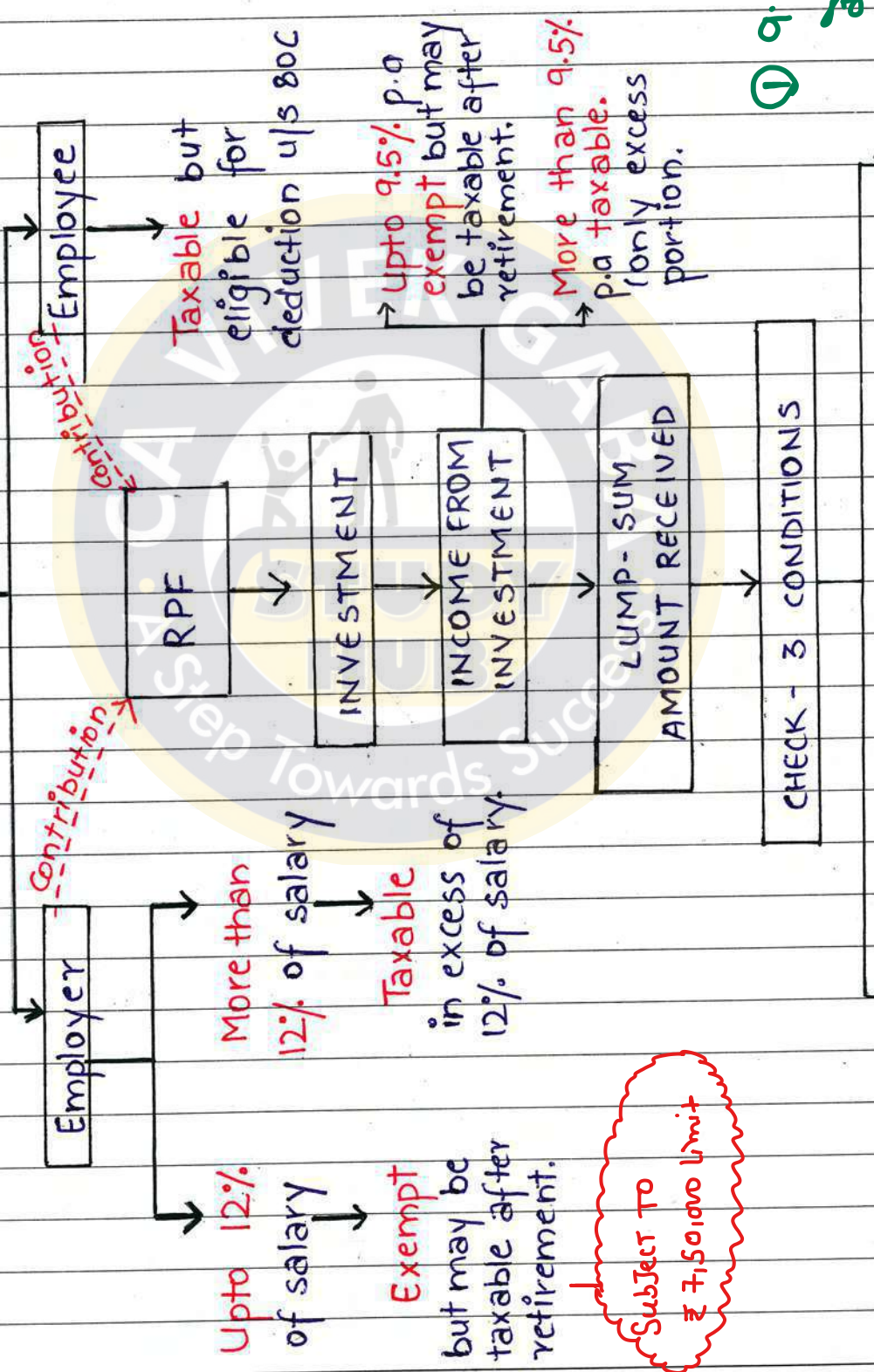


If employee contribution up to 2.50 lakh

If Employee Contribution more than 2.50. Interest on excess value shall be chargeable to tax.

Remarks

Recognized Provident fund



Taxable if employee Contribution more than 2.50 lakh)

CRUX

- ① 9.5% Limit Employer in case
- ② Employee in case 2.50 lakh limit

Remarks

Teacher's Sign.

- Employee left job after 5 years of service.
  - Before 5 years, but reasons mentioned below;
    - Due to ill health.
    - Discontinuance of employer business.
    - Reasons beyond this control.
  - The balance is transferred to RPF with new employer and period of old employer + period of new employer.  $\geq 5$  years.
- If any 1 condition is satisfied
- 100% exempt at the time of retirement.

Amount not taxed previously shall become taxable. (i.e. upto 12% of salary and 9.5 of interest.

# Special Point

IF Employer Contribution more than ₹150000 the Excess or Excess value shall also be taxable as per below formula:

$$\frac{PC}{Q} \times R$$

→ Update

Amendment

Revision

Class.

## CHAPTER - 3

### OTHER IMPORTANT AMENDMENTS

## Chapter SALARY

In section 17 of the Income-tax Act, in clause (2), for sub-clause (vii), the following sub-clauses **shall be substituted with effect from the 1st day of April, 2021, namely:--**

(vii) the amount or the aggregate of amounts of **any contribution made to the account of the assessee by the employer-**

(a) in a recognised provident fund;

(b) in the scheme referred to in sub-section (1) of section 80CCD; and

(c) in an approved superannuation fund, to the extent it **exceeds 7,50,000 in a previous year;**

(viiia) the annual accretion by way of **interest, dividend or any other amount of similar nature** during the previous year to the balance at the credit of the fund or scheme referred to in **sub-clause (vii) to the extent it relates to the contribution** referred to in the said sub-clause which is included in total income under the said sub-clause in any previous year computed in such manner as may be prescribed; and”.