COMPUTATION OF TAXABLE INCOME FROM SALARY
(TEACHING PLAN)

Items to be included :

Rs

- Salary (including arrears and advance) :

    Basic pay / salary / wages - - -

    Fees / Commision / Bonus - - -

    Annuity from employer - - -

    Taxable amount of leave salary - - -

    Taxable amount of gratuity - - -

    Taxable amount of pension - - -

- Profits in lieu of salary :

    Taxable portion of annual accretion to the credit balance in R.P.F. - - -

    Taxable portion of retrenchment compensation - - -

    Taxable portion of compensation received by a public sector employee upon voluntary retirement - - -

- Allowances :

    City compensatory allowance - - -

    House rent allowance - - -

    Entertainment allowance - - -

    Taxable portion of special allowances - - -

    Education allowance - - -

Rs

Hostel expenditure allowance - - -

Foreign allowance - - -

Tiffin allowance, fixed medical allowance, servant allowance etc. - - -

Perquisites :

(a) Value of free or concessional accommodation - - -

(b) Benefits or amenities, provided to specified employees (such as free gas, electricity or water; free education; free domestic servants; leave travel concession; medical benefits; motor car; transport facility provided by a transport undertaking, etc.) - - -

(c) Employee's obligation met by the employer - - -

(d) Amount paid by employer to effect an assurance on the life of the assessee - - -

(e) Value of any specified security or sweat equity shares allotted by the employer to the assessee free of cost or at concessional rate. - - -

(f) Employer's contribution to an approved superannuation fund maintained in respect of the assessee to the extent it exceeds Rs 150000 - - -

(g) Value of any other fringe benefit or amenity - - -

Less Deductions U/s 16 ~~(i) (ii) (iii)~~

(I) ~~Standard deduction~~ - - -

(II) E.A. deduction - - -

(III) Employment/profession tax paid by employee - - -

Taxable salary income - - -

* It may be noted that the perquisites ... These are taxable in the hands of both specified & non-specified employees irrespective of whether the employer is paying fringe benefit tax or not.

* Perquisites given in point (c) are taxable in the hands of an employee only when the employer is not liable to pay fringe benefit tax, being a sole proprietor, HUF, central or state govt., a political party, RBI, SEBI, any person whose income is exempted u/s 10(23C) or a charitable institution.

Notes:

(1) It may be noted that the perquisites described in point (b) above ~~(as well as motor car/transport facility given to specified)~~ are taxable in the hands of a specified employee only i.e. whose salary income (i.e. all taxable monetary payments under the head "Salary" minus all deductions u/s 16) exceeds Rs 50,000, or who is a director-employee, or who is a substantially interested employee of the company. All other perquisites are taxable in the hands of both specified and non-specified employees.

(2) The amount of standard deduction is calculated as ~~follows:~~ gross salary or Rs 50,000, whichever is less.

(i) 1/40 % ~~rat~~ of gross salary or Rs 30,000 whichever is less, if income from salary before providing standard deduction does not exceed Rs 5,00,000.

(ii) Rs 20,000 if it is more than Rs 5,00,000. ~~but does not exceed Rs 3,00,000~~

~~(iii) Rs 20,000 if it is more than Rs 3,00,000 but does not exceed Rs 5,00,000.~~

~~(iv) nil if it is more than Rs 5,00,000.~~

(3) If employment/profession tax is paid by the employee himself, it is deducted u/s 16 from gross salary ~~G.T.I.~~ If, *

** However, if it is paid on behalf of the employee by his employer, it is first included in the employee's gross salary, and then it is deducted u/s 16 from gross salary.

53-55

(age: 36 years)

~~Mr.~~ X, receives the following emoluments during the previous year ending March 31, 2020:

	Rs
Basic pay	552,000
Commission	260,000
Free car facility for ~~Mr.~~ X and his family members only for private use (expenditure of the employer: Rs 1,21,000)	1,21,000
Entertainment allowance	30,000

On October 1, 2019, the employer gives a housing loan of Rs 11,70,000 @ 11 per cent per annum (repayable in 15 yrs). X contributes Rs 1,60,000 towards R.P.F. His income from other sources is Rs 1,50,000. ~~He does not have any other income~~

Determine the taxable income and the amount of tax liability of Mr. X ~~rebate under section 88~~ for the ~~assessment year~~ assessment year 2020-21 if:

(a) ~~Mr.~~ X is an employee of PQR, a partnership firm. ~~since 1956.~~

~~(b) Mr. X is an employee of LMN, a Hindu Undivided family since 1952 (entertainment allowance of 1954-55: Rs 2,500)~~

(b) ~~Mr.~~ X is an employee of the Punjab govt. since 1964.

~~(a) Rs 1,41,330, (b) 1,38,830, (c) Rs 1,23,330; Tax rebate: Rs 51,~~
~~(a) Rs 42,000, (b) 39,500, (c) 23,330;~~

~~(a) Rs 2,000, (b) nil (c) nil~~

~~(a) Rs 2,28,000 (b) Rs 1,99,000; Tax rebate: Rs 1,200~~

(a) Rs 10,03,000, Rs ~~25,190~~ 1,57,980

(b) Rs 9,98,000, Rs ~~10,480~~ 1,58,940

P.T-56

~~3~~ 5 of (age: 22 years)

During the previous year 2019-20, X, a nationalised bank employee in Surat, receives the following emoluments:

Basic salary: Rs 10000 p.m., high cost of living allowance (but not forming part of salary) Rs 5,000 p.m., overtime allowance: Rs 3,500 p.m. and house rent allowance: Rs 7,000 p.m. (rent paid by him: Rs 7,500 p.m.). Employer-bank contributes 17% of basic salary towards R.P.F., X makes a contribution of Rs 7,000 p.m. Interest credited on July 5, 2019 @ 13% in the P.F. Account of X is Rs 6,500. Income of X from other sources is Rs 243,300. The following perquisites are provided by the bank:

(a) ~~Free~~ holiday home facility at Kulu (expenditure of the employer: Rs 57,900);

(b) Free gardener (who is an employee of the bank; annual salary of the gardener being Rs 42,000 paid directly by the bank);

(c) Free sweeper (who is employed by X, ~~the X bank~~, annual salary of Rs 36,000 is paid by the bank); ~~and~~

(d) Subsidised telephone ~~[illegible]~~ (expenditure of the employer: Rs 19,000); and

(e) Ordinary medical facility in a private clinic (expenditure of the employer: Rs 51,800). ~~medical bills being in the name of the bank~~.

During the previous year, X makes the following payments:

(a) Fixed Deposit ~~in bank (5) scheme of post office~~ under scheme specified for sec 80C Rs 54,000; (b) insurance premium on the life policy of his father: Rs 6,000; (c) Insurance premium

taken in 2009 (sum assured Rs 40,000)
on his own life policy: Rs 9,000; (d) insurance ~~policy~~ premium on the life policy of his major child (due date: October 10, 2019; date of payment: March 25, ~~2012~~ 2020): Rs 4,000 (sum assured Rs 50,000).

Find out the amount of net income, ~~rebate, and tax payable~~ tax for the assessment year 2020-21.

~~2012-13~~ ~~[illegible]~~ Rs 880110 ; ~~Rs 1,[illegible]30~~
~~88,920~~ ; ~~Rs 3,276~~
(~~Rs 33,630~~, ~~Rs 363~~, ~~nil~~)

53-E7

X, (age: 62 years) a director of PQR Ltd., gives the following particulars of his income of the previous year ending, March 31, ~~1998 2012~~ 2015:

Basic salary: Rs 1,20,000 p.m.

Bonus: ~~One~~ 1 month's basic salary

~~Commission~~ ... month's basic salary

Entertainment allowance: Rs 40,000 per annum

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