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Special allowances for performance of official duties
[Section 10 (14) (i)]

	AMOUNT OF EXEMPTION	
→ Travelling Allowance → Daily Allowance → Conveyance Allowance → Helper Allowance → Academic Allowance → Uniform Allowance	• Actual Allowance Received. 7000 OR • Actual Amount Spent for the Performance of Duties. 5000	WHICHEVER IS LESS

Allowances to meet personal expenses.
[Section 10 (14) (ii)]

→ **Children Education Allowance**

Conditions for calculating amount of exemption :

① Actual amount received per month per child upto maximum of 2 children. [50 × 12 × 2]

OR

② Rs. 100/- per month per child upto maximum of 2 children. [100 × 12 × 2]

WHICHEVER IS LESS, WILL BE THE EXEMPTED VALUE.

→ **Hostel Expenditure Allowance**

Conditions for calculating amount of exemption :

① Actual amount received per month per child upto maximum of 2 children.

OR

② Rs. 300/- per month per child upto maximum of 2 children. 300 × 12 × 2

WHICHEVER IS LESS, WILL BE THE EXEMPTED VALUE.

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→ Transport Allowance

Omitted by Notification No. 17/2018, dated 6.4.2018 due to introduction of Standard deduction.

But, in case of an employee who is blind or deaf and dumb or orthopaedically handicapped with disability of lower extremities, transport allowance ~~ex~~ exemption shall be applicable :

Conditions for calculating exempted value :
(In case of above mentioned employee)

① Actual amount received per month.
OR
② Rs. 3200 per month.

WHICHEVER IS LESS

ALLOWANCES WHICH ARE FULLY TAXABLE

1. Dearness Allowance (DA)
2. City Compensatory Allowance (CCA)
3. Medical Allowance
4. Lunch / Tiffin Allowance
5. Overtime Allowance
6. Non-practising Allowance
7. Family Allowance
8. Warden Allowance
9. Servant Allowance

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Ques. R. is employed with X Ltd. He is entitled to the following from his employer :

	Rs.
Basic Salary	9000 pm
DA (part of salary for retirement benefits)	2000 pm
Children Education Allowance for 3 children	4800 p.a
Hostel expenditure allowance for 3 children	100 pm per child
House rent allowance upto 31.10.2019 (Rent paid for a house in Delhi Rs. 4500 pm.)	3000 pm
Medical allowance upto 31.10.2019 (Entire amount was spent on his medical treatment)	500 pm
Commission 3% of turnover upto 31.10.2019 (Actual turnover Rs. 10,00,000)	30,000

He was also given servant allowance of Rs. 300 per month right from 1.4.2019. Find out Gross Salary.

Sol.

Particulars	Amt.	Amt.
Basic Salary (9000 X 12)		108000
DA (2000 X 12)		24000
Children Education Allowance	4800	
Less : Exempt (WN1)	(2400)	2400
Hostel Expenditure Allowance (100 X 12 X 3)	3600	
Less : Exempt (WN2)	(2400)	1200
House Rent allowance (3000 X 7)	21000	
Less : Exempt (WN3)	(20800)	200
Medical allowance (500 X 7)		3500
Commission		30000
Servant allowance (300 X 12)		3600
GROSS SALARY		172900

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WN 1 : Calculation of exempted value of Children education allowance.

1. $\frac{4800}{3} \times 2$ = 3200

2. $100 \times 12 \times 2$ = $\boxed{2400}$ ← exempted value

WN 2 : Calculation of exempted value of Hostel expenditure allowance.

1. Rs $100 \times 12 \times 2$ = $\boxed{2400}$ ← exempted value

2. Rs. $300 \times 12 \times 2$ = 7200

WN3 : Calculation of exempted value of House Rent Allowance.

1. 3000×7 = 21000
2. (4500×7) − 10% of Salary
   = 31500 − 10% of 107000
   = 31500 − 10700 = 20800 → exempted value
3. 50% of Salary
   = 50% of 107000
   = 53500

* Salary = Basic + DA (Retirement benefit) + Commission
= $[(9000 \times 7) + (2000 \times 7) + 30000]$
= 107000