

TAXBOOK⁺

Working steps of solutions

B21 to B30

Salaries

Build Your Confidence (BYC)

B21. MOTOR CAR – Jay is in possession of a motor car, provided by Z Ltd., his employer. Maintenance and running.....

Case I: Exempt as car used wholly for official purpose. Assuming Z Ltd. maintains log book and issues certificate to Jay.

Case II: Taxable value = 15,000 + 24,000 (maintenance and chauffeur expenses borne by Z Ltd.) – 10,000 (recovered from Jay) = 29,000.

Case III: Taxable value = 39,000 (maintenance and chauffeur expenses borne by Z Ltd.) – 16,200 (2,700 p.m. (1,800 + 900) for 6 months) = 22,800. Higher amount, corresponding to 75% official use, can be deducted if Z Ltd. maintains log book and issues certificate to Jay.

Case IV: Exempt as car used wholly for official purpose. Assuming Z Ltd. maintains log book and issues certificate to Jay.

Case V: Taxable value = 30,000 (10% p.a. of cost of 4 lakh for 9 months) + 15,000 + 24,000 – 10,000 = 59,000.

Case VI: Taxable value = 3,300 p.m. (2,400 + 900) for 10 months – 20,000 = 13,000.

Case VII: No perquisite since no benefit arises to Jay as he owns the cars and bears expenses.

Case VIII: Taxable value = 600 p.m. for 6 months = 3,600.

EDUCATION

B22. SPECIAL ALLOWANCES – Determine taxability of the following allowances provided to Josh, employed with Zap India Ltd. in Bangalore, during the PY 2021-22.

#	Allowance	Amount	Spend details	Taxable	Comment
1	Research allowance granted to complete a technical education course for official purpose	25,000	30,000 spent	-	Entire amount spent
2	Children education allowance	1,000 p.m.	1,000 p.m. on each of his 3 children	9,600	2,400 exempt @ 100 p.m. per child up to 2 children
3	Children hostel allowance	1,500 p.m.	No spend. All children stay with Josh at home	10,800	7,200 exempt @ 300 p.m. per child up to 2 children

B23. EDUCATION FACILITY – Determine the value of taxable perquisite in the case of Seema, who is employed with Gyan Pvt. Ltd. as a manager.

#	Case	Taxable	Comment
1	Seema attends a conference on recent management trends. Fee of Rs. 5,000 is paid by her employer.	-	Exempt
2	Daughter of Seema studies in a school owned by Gyan Pvt. Ltd. Cost of similar education in a nearby school is Rs. 1,000 p.m. Seema is charged Rs. 500 p.m.	-	Exempt up to 1,000 p.m.
3	Son of Seema studies in Ram Krishna school with which Gyan	12,000	18,000 (@ 1,500 p.m.) – 6,000 (@ 500

	Pvt. Ltd. has a tie up. Cost of similar education in a nearby school is Rs. 1,500 p.m. Seema is charged Rs. 500 p.m.		p.m.) is taxable As per alternate view, 6,000 (@ 1,500 p.m. – 1,000 p.m. exemption) – 6,000 (@ 500 p.m.), i.e., Nil is taxable
4	Gyan Pvt. Ltd. reimburses tuition fee of Rs. 10,000 p.m. for education of Seema's son in JK School. There is no tie up between Gyan Pvt. Ltd. and JK School.	1,20,000	Taxable

ASSETS

B24. USE OF MOVABLE ASSET – Compute the taxable value of perquisite in the following cases for PY 2021-22.

#	Case	Taxable	Comment
1	Raghav is given a laptop by his employer on 1 May 2021. Employer purchased laptop in 2019 for Rs. 50,000. Raghav uses laptop for official and personal purposes.	-	Exempt
2	Raghav is given a mobile phone by his employer on 1 October 2021. He uses it for making official and personal calls. Employer purchased the mobile in 2020 for Rs. 30,000.	1,500	10% p.a. of Rs. 30,000 for 6 months
3	The employer hired a TV for Rs. 2,000 p.m. and gave it to Raghav on 1 January 2022 for use at home. Raghav pays Rs. 500 p.m. on this account.	4,500	1,500 p.m. (2,000 – 500) for 3 months

B25. TRANSFER OF MOVABLE ASSET – Jaggi is employed with Jag Ltd. During the PY 2021-22, Jag Ltd. sold a laptop.....

Particulars	Laptop	Car	WM
Actual cost	50,000	5,00,000	30,000
Less: Depreciation for every completed year of use (see Note)	(25,000)	(1,80,000)	(9,000)
Less: Amount paid by Jaggi	-	(50,000)	(22,000)
Taxable value of perquisite	25,000	2,70,000	Nil

Note:

Depreciated value	Laptop	Car	WM
Completed years of use	1 year (15.6.20 to 1.11.21)	2 years (15.6.19 to 1.11.21)	3 years (15.6.18 to 1.11.21)
Rate of depreciation	50% on reducing balance	20% on reducing balance	10% on SLM
Depreciation	25,000 (50% of 50,000)	1,00,000 for 1 st year (20% of 5 lakh) + 80,000 (20% of 4 lakh) = 1,80,000	10% of 30,000 for 3 years = 9,000

OFFICE SUPPORT

B26. SPECIAL ALLOWANCES – Determine taxability of the following allowances provided to Mr. X, employed with Z India Ltd. in Bangalore, during the PY 2021-22.

Allowance	Amount	Spend details	Taxable	Comment
Lunch allowance	500 p.m.	10,000 spent on lunch	6,000	Fully taxable
Helper allowance	3,000 p.m.	Helper employed for 2,500 p.m. to assist family at home	36,000	Expense not for official duty
Uniform allowance	20,000	25,000 (out of which 10,000 spent in purchasing school uniform of children)	5,000	Official spend exempt

B27. F&B – Shaily was employed with JK Ltd. during the PY 2021-22. During the year, JK Ltd. spent Rs. 10,000

Case	Taxable	Comment
Free, tea, coffee, snacks in office	-	Exempt

Subsidized lunch in office	6,000	$200 \times (100 - 50 - 20)$
Meals in remote area	-	Exempt
	6,000	

FINANCIAL INCENTIVES

B28. LOAN – Compute the taxable perquisite in the following cases where Raman has received loan facility from Growth Ltd., his employer, during the PY 2021-22.

#	Case	Taxable	Comment
1	Growth Ltd. provides interest-free loans of Rs. 3,000, Rs. 10,000 and Rs. 7,000 during the PY, for personal purposes.	-	Aggregate does not exceed 20,000
2	Growth Ltd. provides a loan of Rs. 50,000 at interest rate of only 1% p.a. for treatment of Mrs. Raman for a disease prescribed under Rule 3A.	-	Exempt even if amount exceeds 20,000. Spouse is MOH.
3	Growth Ltd. provides interest-free loan of Rs. 1 lakh on 1 April 2021 for purchase of consumer durables. SBI lending rate on 1 April 2021 is 15% for personal loans. Loan is outstanding as on 31 March 2022.	15,000	15% of 1 lakh
4	Growth Ltd. provides housing loan on 1 October 2021 of Rs. 10 lakh at 3% interest rate. SBI lending rate on 1 April 2021 is 10% for housing loans. Loan remains unpaid for PY 2021-22.	35,000	7% of 10 lakh for 6 months

B29. LOAN – Raman avails a car loan of Rs. 5 lakh from his employer during the PY 2021-22. Loan is given

Month	Aggregate O/S balance on last day of each month
October 2021	5,00,000
November 2021	5,00,000
December 2021	5,00,000
January 2022	4,75,000
February 2022	4,50,000
March 2022	4,25,000
Total	28,50,000

Taxable value of perquisite = $4\% (10\% - 6\%) \times 28,50,000 \times (1/12) = \text{Rs. } 9,500$

B30. LOAN - Raman avails a loan of Rs. 5 lakh from his employer on 1 June 2021 for medical treatment

Taxable value of perquisite for the period June to December 2021 = Nil

Taxable value of perquisite for the period January to March 2022 is computed below.

Month	Aggregate O/S balance on last day of each month
January 2022	$3,00,000 - 20,000 = 2,80,000$
February 2022	$2,80,000 - 20,000 = 2,60,000$
March 2022	$2,60,000 - 20,000 = 2,40,000$
Total	7,80,000

Taxable value of perquisite = $10\% \times 7,80,000 \times (1/12) = \text{Rs. } 6,500$