

BASIC CONCEPTS

M4. During the PY 2021-22, Harsh, employed w.e.f. 1.3.2020 in the scale of 50,000 – 10,000 – 80,000,

Apr 21 to Mar 22: 7,30,000 (60,000 for 11 month + 70,000 for 1 month) + Arrears 30,000 + Advance of Apr 22: 70,000 – Apr 21 paid in earlier PY 60,000 + Jan 21 NIL since already taxed = 7,70,000

M5. Rohit, a non resident, has the following particulars of income for the PY 2021-22: Salary from

German company NIL as receipt/accrual outside India + PQR 15 lakh as accrual in India + partner NIL as falls under PGBP + donation not to be reduced + advance adjusted against salary NIL

M6. Rajesh received the following emoluments during the PY 2021-22: Dearness allowance of Rs. 5,000 p.m.....

DA 60,000 + Overtime 36,000 + Mine 2,400 (1,000 pm - 800 pm exempt); Tribal area allowance 9,600 (1,000 pm - 200 pm exempt) = 1,08,000

RETIREMENT BENEFITS

M10. Raghav retired on 31.12.2021 after being employed for 10 years, 7 months and 10 days

Gratuity exempt = Lower of (a) 5 lakh, (b) 15 lakh (20 – 5), (c) $(15/26) \times 90,000$ (basic + DA) \times 11 years, i.e., 5,71,154.

Gross salary = NIL gratuity + 4,50,000 basic + 3,60,000 DA + commission 45,000 + HRA 20,000 = 8,75,000

M11. Raghav retired on 31.1.2022 after being employed for 10 years, 7 months and 10 days and

Gratuity exempt = Lower of (a) 5 lakh, (b) 10 lakh (20 – 10), (c) 35,000 (half of avg of basic 50,000 + DA(T) 20,000 + C(TO) NIL of last 10 months) \times 10 years, i.e., 3,50,000.

Gross salary = 1,50,000 gratuity + 5,00,000 basic + 4,00,000 DA + commission 50,000 + HRA 20,000 = 11,20,000

M13. Rishabh, working with BCG Pvt. Ltd., retired from employment on 31.12.2021 and started receiving

Gross salary = Regular salary 6,00,000 + Nil gratuity + Uncommuted pension 20,000 for Jan + 20,000 for Feb/Mar + commuted pension 5,00,000 – exempt u/s 10(10A) $3,33,333 [1/3 \times 5,00,000/50 \times 100] = 8,06,667$

M16. Juhi retired from URL Ltd. on 31.1.2022 after serving for 7 years, 5 months and 5 days.

Leave salary exempt = (a) 3,00,000, (b) 3,00,000, (c) 10 month's avg salary 13,00,000 (basic 10,00,000 + DA(T) 2,80,000 + C(TO) 20,000), (d) 2 months (210 days – 120 days – 20 days – 10 days) \times 1,30,000, i.e., 2,60,000 = 2,60,000.

Gross salary = basic 10,00,000 + DA 4,00,000 + fixed commission 40,000 + medical 30,000 + TO commission 20,000 + leave salary 40,000 + leave encashed while in service 50,000 = 15,80,000

M18. On retirement, Zahir received his own contribution of Rs. 10 lakh and interest thereon of Rs. 1 lakh

Employer contribution and interest

M19. On termination of service after serving for 3 years, due to closure of employer's business, Zeeshan

Accumulated balance exempt since service terminated before 5 years due to closure of employer's business. Interest on employee's contribution not taxable under the IFOS head as there is no contribution > 2.5 lakh on and from PY 2021-22.

M20. Rajesh draws the following emoluments during the PY 2021-22: Basic salary of Rs. 60,000 p.m.,

Gross salary = Basic 7,20,000 + DA 4,80,000 + Commission 60,000 + perquisites 50,000 + overtime 24,000 + employer contribution to RPF 41,760 (1,80,000 – 12% of 11,52,000) + Interest in excess of 9.5% 9,000 = 13,84,760

M21. During the PY 2021-22, employer of Raj contributed 10% of basic salary and DA to the

Employer contribution = 10% of 36L = 3.6L Exempt as ≤ 7.5 lakh. Interest exempt.

M22. Which of the following amounts will be included in salary income of Krishna for the PY 2021-22,

Employer's contribution will be first included in salary and then deduction will be provided u/s 80CCD.

M23. Employer of Gunjan contributes Rs. 2 lakh towards approved superannuation fund (@ 10% of salary),

2L NPS is included in salary first and then deduction u/s 80CCD is given from GTI. RPF contribution exempt till 12%. Combined amount does not hit upper cap of 7.5L, hence, no addition on that account.

M24. Rohan opted for retirement under the voluntary retirement scheme of PQR Ltd. which was framed

VRS exempt = lower of (a) 25,00,000, (b) 5,00,000, (c) $3 \times 90,000$ (basic 70,000 + DA(T) 20,000 + C(TO) nil) $\times 10$, i.e., 27,00,000, (d) $30 \times 90,000$, i.e., 27,00,000 = 5,00,000.

Gross salary = 4,20,000 basic + 3,00,000 DA + 1,00,000 bonus + 24,000 commission + 20,00,000 VRS = 28,44,000

HEALTH & LIFE

M29. Rakul received the following benefits from her employer during the PY 2021-22: Fixed medical

Allowance 30,000 + insurance premium for independent brother 5,000 + son's treatment NIL + father's (not dependent) treatment 30,000 + private clinic 10,000 + approved nursing home NIL = 75,000

M30. Suresh is employed with JK Pvt. Ltd. During the PY 2021-22, he had to get his daughter treated

Taxable = treatment and stay 2 lakh (6 lakh – 4 lakh) + travel not exempt 3 lakh = 5 lakh

HOUSING

M33. Shyamal stays in New Delhi. His basic salary is Rs. 10,000 p.m., DA (60% forms part of pay).....

Lower of (a) 60,000, (b) $66,000 - 10\%$ of 1,75,200 (1,20,000 + 43,200 + 12,000), i.e., 48,480, (c) 50% of 1,75,200, i.e., 87,600 = 48,480.

M34. Vasu is employed with BDM Pvt. Ltd. During the PY 2021-22, he was in receipt of basic salary of

HRA exempt for Oct 21 to Mar 22 for 6 months = Lower of (a) 1,20,000 HRA, (b) 90,000 rent paid – 36,000 (10% of salary >> 2,40,000 basic + 1,20,000 DA(T) + Nil C(TO)), i.e., 54,000, (c) 40% of 3,60,000 i.e., 1,44,000 = 54,000.

Gross salary = Basic 4,80,000 + DA 2,40,000 + conveyance 60,000 + HRA 2,40,000 – Exempt 54,000 = 9,66,000

M38. Ramesh is provided with furniture of value Rs. 70,000 along with house from February 2021.

Hire charges

M39. Ruhi, a State Government employee, stayed in a house provided by the employer in Chennai

Gross salary = 10,80,000 basic + 6,00,000 DA + 3,60,000 HRA + perquisite 50,000 + RFA value 2,40,000 license fee + furniture 50,000 (10% of cost) = 23,80,000

M40. Juhi, employed with Zen Ltd., is provided with a house owned by the employer in Faridabad

Accommodation value = 10% of salary (basic 10,80,000 + DA(T) 3,00,000 + HRA 3,60,000 + commission 1,20,000, i.e., 18,60,000), i.e. 1,86,000 + furniture hire 60,000 – rent paid 1,20,000 = 1,26,000.

Gross salary = Basic 10,80,000 + DA 6,00,000 + HRA 3,60,000 + commission 1,20,000 + perquisites 50,000 + house 1,26,000 = 23,36,000

TRAVEL & CONVEYANCE

M45. Ram, working in a transport system, receives allowance of Rs. 12,000 p.m. granted to meet

70% exempt up to max of 10,000 pm. 30% of 1.44L taxable

M46. Rahul works with Shubh Pvt. Ltd. He draws the following emoluments during the PY 2021-22.....

Gross salary = Basic 4,80,000 + conveyance allowance 40,000 (1,20,000 – 80,000) + transport allowance 60,000 + project allowance 20,000 + travelling allowance 10,000 (30,000 – 20,000) + daily allowance 5,000 (20,000 – 15,000) = 6,15,000

M47. Yash, working in a transport system, received an allowance of Rs. 18,000 p.m. to meet his

Exempt = 70% (12,600) up to max of 10,000 p.m., i.e., 10,000. Taxable = 8,000 p.m.

M50. Ganesh is employed with BK Ltd. in Delhi. His emoluments for the PY 2021-22 comprised of

LTC exempt = 10,000 for 4 persons (self, spouse, two children) = 40,000.

Gross salary = Basic 6,00,000 + LTC 60,000 = 6,60,000

M52. What will be the value of perquisite per month, where Resham is provided a car throughout

Annual = 60,000 (10% of 6L) + 30,000 R&M + 1,20,000 driver – 60,000 recovery. Per month value = 1,50,000 / 12 = 12,500

M53. Rs. 2,700 p.m. will be the value of perquisite of motor car provided to Harsh by his employer where.....

1,800 p.m. for car + 900 p.m. for driver

M54. Jagat owns a car of 1500 cc which he uses for personal as well as official purposes. His

10,000 – 80% = 2,000 p.m.

M55. Bhanu owns a motor cycle which he uses for personal as well as official purposes. His employer incurs

3,000 pm – 900 pm = 2,100 pm

M56. Bhaskar has been provided with a motor car by his employer of engine cubic capacity 2,000, on 1.10.2021.....

900 + 900 p.m. = 1,800 p.m. for 6 months

M57. Chaman works in Air India. His children are offered free air tickets worth Rs. 10,000. Value of taxable

Exempt in case of airline

EDUCATION

M59. Manav receives Rs. 1,000 p.m. per child for meeting education of his 3 children and

Education: 36,000 – 2,400 exempt = 33,600. Hostel: 72,000 – 7,200 = 64,800.

M61. Shyam has three children. During the PY 2021-22, he received the following benefits from

Elder son = 6,000 + 7,200 = 13,200 (taxable as outside India). Younger son = 36,000 – 6,000 = 30,000*. Daughter = 48,000. Training = Exempt. Total = 91,200

*Alternatively, 24,000 – 6,000 can also be taken.

M62. Suyash is employed as an engineer with BCD Pvt. Ltd. Following particulars are available for

Seminar NIL + Son 25,000 + Daughter 54,000 (63,000 – 9,000) = 79,000

ASSETS

M63. Bhanu is given a motor cycle owned by his employer which he uses for personal as well as

10% p.a. of actual cost

M65. Bhanu is sold a laptop for Rs. 10,000 which was purchased during the current PY itself by his employer

Cost 50,000 – Nil Dep – 10,000 = 40,000

M66. Bhanu is sold a motor cycle on 1.1.2022 for Rs. 10,000 which was purchased on 1.6.2020 by his

Cost 50,000 – 10% dep on SLM for 1Y of 5,000 – 10,000 = 35,000

M67. Raju was provided with a television set at his residence by his employer on 1.9.2021. It was

Use = 10% p.a. of 40,000 for 6 months = 2,000 – 600 = 1,400.

Transfer = 40,000 – 10% dep for 3Y being 12,000 – 1,000 = 27,000

OFFICE SUPPORT

M68. Bhanu is provided a helper allowance of Rs. 2,000 p.m. which he uses to pay salary to a helper

Taxable as expenses are personal

M69. Bhanu is provided uniform allowance of Rs. 10,000 out of which he spends Rs. 4,000 for purchasing

Official expense is exempt

FINANCIAL INCENTIVES

M73. Rakesh is given a personal loan of Rs. 1 lakh by his employer during the PY 2021-22 at 4% p.a. interest.

6% of 1 lakh

M74. Suman obtains a housing loan of Rs. 20 lakh from her employer @ 5% p.a. interest on 1.12.2021

O/s Dec 20L + Jan 19L + Feb 18L + Mar 17L = 74L. Taxable = 5% × 74L × 1/12 = 30,833

M75. Rakesh is allotted 100 shares pursuant to a ESOP scheme of the employer for Rs. 10 per share.

100 shares @ (50 - 10) per share

DEDUCTIONS U/S 16

M83. Shambhu, employed with Central Government, on basic salary of Rs. 4,000 per month, is provided

Lower of 20% of 48,000, i.e., 9,600 or 5,000 or 12,000 = 5,000

M86. Roshni, employed with JK Pvt. Ltd., has the following particulars of salary income for PY 2021-22.....

Gross salary = 3,00,000 + 1,00,000 + 12,000 + 2,500 = 4,14,500.

Taxable salary = 4,14,500 – SD 50,000 – Prof tax 2,500 = 3,62,000