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Q. From the following particulars of Suresh Kumar Sharma, a Manager of a Private Limited Company, compute his taxable income from salary for the assessment year 2019-20

- (i) Basic salary - 40000 P.M.
- (ii) W.A. Rs 6000 P.M. (Computed for Retirement benefit)
- (iii) Tiffin Allowances 375 P.M.
- (iv) Night Allowances 225 P.M.
- (v) Own Contributions towards R.P.F.
- (vi) Employer Contribution towards R.P.F. Rs. 45800
- (vii) Grant on P.F. during August 2018 Rs. 42900 @ 13% per Annum.
- (viii) House Rent Allowance Rs 7200 P.M. Rent paid for the House Rs. 100000 P.A.
- (ix) Free supply of water and electricity for which payment was made by the employer Rs 4200
- (x) His employer provide him a motor cycles (1.6 litre cubic capacity of engine) for his official as well as private use.
- (xi) Mobile bill paid by employer Rs 1500. Mobile was in personal use of employee.
- (xii) The company gave in gift a laptop of 25800 to Mr Suresh on 4th Founder day.
- (xiii) Mr Suresh Kumar paid Actual expenses 3200 relating to laptop.

Solution -

Computation of Taxable Salary of
Mr. Aniket Kumar Suman
Assessment year 2019-20

| | | |
|---|--------------|-------------------|
| Basic Salary - | 40000 x 12 = | 480,000 |
| Dearness Allowances - | 6000 x 12 | 72,000 |
| Tiffin Allowances - | 375 x 12 = | 4,500 |
| Night Allowances - | 225 x 12 = | 2,700 |
| House Rent Allowances - | | 41,600 |
| employee's contribution to R.P.F. Excess of 12% of salary | | NIL |
| Interest on R.P.F. Excess of 9.5% | | 11,550 |
| value of car | 1800 x 12 | 21,600 |
| Mobil Bill | | Exempt |
| Gift by Company - (25800 - 5000) | | 20,800 |
| Water & Electricity | | 42,000 |

| | | |
|------------------------|--------------------|-----------------|
| | Gross Salary. | 6,96,750 |
| Less. Deduction u/s 16 | Standard Deduction | 40,000 |
| | Taxable Salary. | <u>6,56,750</u> |