

CHAPTER 4: SALARIES

Illustration 1

X retired from A Ltd on 30/09/21 and joined B Ltd. On 1/10/21. Salary received from A Ltd being 30,000 p m and from B Ltd 40,000 p m.

Due date of salary in A Ltd is 7th of next month and in B Ltd is last date of the month. Find his taxable salary

Illustration 2

Mr. R joined R Ltd on 1/7/21 on a salary of 10,000 p m his due date of salary in R Ltd was 7th of next month compute his taxable salary for the previous year 21 - 22

Illustration 3

X covered by the payment of gratuity Act, retired after 27 yrs and 9 months of service and received gratuity of Rs 1420000. At the time of retirement i.e on 8/8/21 his basic salary has Rs 45000. Per month dearness allowance Rs 20000 p m and commission Rs 12000 p m. Find his taxable gratuity.

Illustration 4

Mrs X retired from H.L. Ltd on 1.7.21 and was granted a pension of Rs 6,000 p.m out of her monthly pension, she commuted 70% with effect from 1.12.21 and received Rs 1,40,000 being the commuted value. She also received gratuity of Rs 1,50,000 from H.L. Ltd compute the taxable pension of Mrs X.

Illustration 5

Mr. R & Mrs. R have 3 children. Mr. R is employed in A Ltd., whereas Mrs. R is employed in B Ltd. Both of them receive children education allowance of Rs. 1000 p.m. and hostel allowance of Rs. 1500 p.m.

Compute taxable children education allowance and hostel allowance in the hands of Mr. & Mrs. R:

Illustration 6

From the following particulars regarding Mr. X, salaried employee in Y Ltd. You are required to compute his gross taxable salary.

Particulars	Amount
Basic salary	5,000 p.m.
Dearness allowance (60% forms a part of retirement benefit)	3,000 p.m.
Children education allowance (he has one adopted child)	500 p.m.
City compensatory allowance	1,000 p.m.

Bonus (30% voluntary)	20,000
Commission on profit	50,000

His employer allotted him a Rent-Free Accommodation in a city having population 14,00,000. However, employer pays Rs. 3,000 p.m. for such house.

Illustration 7

Mr. X has been given employer's laptop for Rs. 8,000 on 19.1.22. His employer has originally purchased the same on 1.3.19 for Rs. 1,00,000. Compute taxable value of perquisites in the hands of Mr. X.

Illustration 8

Mrs. Rashika has been granted foreign medical treatment facility for her son. Her Basic Salary is 1,10,000. Further details of foreign travel and expenditure are as follows:

Particulars	Amount paid by employer	Amount permitted by RBI
Expenditure on stay abroad of patient and three caretaker	90,000	1,00,000
Medical treatment expenditure of the child	2,20,000	2,10,000
Travel Cost of patient and three caretaker	1,40,000	--

Compute taxable perquisite assuming her:

- Other income ₹ 5,000
- Other income ₹ 50,000