

DEPARTMENT OF COMMERCE

(SERAMPORE COLLEGE)

B.COM (HONS) 4TH SEMESTER

TAXATION 1

INCOME FROM SALARY WITH PAY SCALE:

Mr Das appointed as Accounts officer in AB Ltd on 1.1.16 in the pay scale of Rs 80000 – 2500 – 100000 – 5000. His increment falls due on 1st April every year. His D.A 50% of basic (in terms of employment), entertainment allowance Rs 5000 pm, project allowance Rs 3000 pm, medical allowance 5000 pm (he spent Rs 40,000 for medical treatment). The company contribute 13% of basic to his recognised provident fund. Interest @ 10% credited to his this account (his accumulated fund is Rs 500000).

The company provided with free furnished accommodation at Kolkata. Furniture provided Rs 100000 (WDV 80,000) and company paid hire charges of a furniture Rs 500 pm for 3 months. Company provided with a 17 H.P. car for both use and all expenses paid by the company. His domestic servant, night guard provided by company and paid their wages Rs. 500 pm and 200 pm. Company paid his club bill Rs 10000, electric bill Rs 15000, cell phone Rs 5000, Income tax Rs 35000 and Profession tax Rs 2500 (he also paid profession tax Rs 1500). **Compute his income from salary for the A.Y. 20-21.**

SOLUTION:

NOTE:

BASIC PAY FOR 19-20 AS PER SCALE:

1.1.16 – 31.12.16	Rs 80000		
1.1.17 - 31.12.17	Rs 82500		
1.1.18 – 31.12.18	Rs 85000		
1.1.19 – 31.12.19	Rs 87500	April to December 9months * 87500	787500
1.1.20 – 31.12.20	Rs 90000	Jan 2020 to March 2020 3months*90000	<u>270,000</u>
		BASIC PAY	<u>1057500</u>

D.A. is 50% of basic salary = Rs 528750

**COMPUTATION OF INCOME FROM SALARY OF MR. DAS ASSESSEE, FOR
THE AY 20-21**

PARTICULARS	AMT	AMT	AMT
BASIC PAY (as per scale)		1057500	
D.A.		528750	
Entertainment Allowance		60,000	
Project Allowance		36,000	
Medical Allowance		60,000	
		<u>1742250</u>	
Employers contribution to RPF in excess of 12% of salary		10,575	
interest credited to RPF in excess of 9.5%		<u>2,500</u>	
			1755325
PERQUISITES U/S 17(II)			
Free furnished accommodation:			
15% of salary (15% of 1742250)	261337.5		
add: 10% cost of furniture	10,000		
add: hire charges	<u>1500</u>		
		272837.5	
Car facility (3300*12)		39600	
Service of Domestic Servant	6000		
Service of Night guard	<u>2400</u>		
		8400	
Club bill		10,000	
Electric bill		15,000	
Cell phone Bill		NIL	
Income Tax		35000	
Profession Tax		<u>2500</u>	
			<u>383337.5</u>
GROSS INCOME FROM SALARY			2138662.5
Less: standard deduction u/s 16(ic)		50,000	
less: deduction for ent allowance u/s 16(II)(Non govt emp)		NIL	
Less: deduction for profession tax 16(III) 2500 + 1500		<u>4000</u>	
			<u>54,000</u>
INCOME FROM SALARY			<u>2084662.5</u>

FOR ANY QUERRY CALL N.B 9830953576

