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Question

Mr Sita Ram was an employee in a company, which is not covered by the gratuity Act. The following particulars are available regarding his income for the year ending 31 March 2019.

- (i) Salary @ 8000 p.m.
- (ii) Dearness Allowances @ 3000 p.m. as per term of employment.
- (iii) He retired from service on 1.1.2019 after 32 years of completed service and received pension of Rs 4000 p.m. and gratuity of 1,80,000 (His average monthly basic pay for the last 10 month was 8000)
- (iv) He also received 8,00,000 from unrecognised provident fund of which he was a member.

Compute the taxable income under the head salary of Mr Sita Ram for the Assessment year 2019-20, assuming that salary and pension is due on the last day of the month.

# Solution.

Computation of Taxable Salary  
of Mr. Arun Kumar

Assessment Year 2019-20

$$\text{Salary } 8000 \times 9 = 72000$$

$$\text{Dearness Allowance } 3000 \times 9 = 27000$$

$$\text{Pension } 4000 \times 3 = 12000$$

He received from  
unrecognised provident fund  
(Assumed 50%)

4000

150000

4000

Gross Salary 265000

(-) Deduction 4/16

16

40000

Taxable Salary 225000