

8.5.2020

Income Tax Part III
T.D.C. B. Com. Hous.

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From the following particulars of R.N.C. Hajipur
Yadav, A govt Principal in a college named R.N.
College Hajipur. Compute taxable income from
Salary for the Assessment year 2019-20

- (A) Basic Salary 78000
- (B) High Cost of Living Allowance 13600
- (C) Entertainment Allowances - 11,200
- (D) Conveyance Allowance 6000
- (E) Family Allowances 6000
- (F) Bonus - 20400

(G) Rent free unfurnished House of which
Rental value is Rs. 6000 per month.

(H) Dr Yadav had his own motor-cycles which
is used by him both for private and official
purposes, employer paid Rs 10,000 for its
expenses.

Dr Vibhas Kumar Yadav spend 40% of
Entertainment Allowances on the entertainment
of govt officials. He contributes 12% of
his salary in Statutory Provident Fund,
80% of Conveyance Allowance was spent in
performing ~~other~~ duties. He got
entertainment Allowance Rs 250 per month
prior to 1-4-1980. As per government
rules the Licensing Fee of House
shall be equal to 10% of Basic Salary

Solution.

Computation of taxable Income
of Dr Vibhas Kumar Yadav
from salary.

Assessment - Year 2019-2020

Basic Salary	78,000
Bonus	20,400
Family Allowances	6,000
High Cost of Living Allowance	13,600
Entertainment Allowance	1,200
Conveyance Allowance	1,200
Value of Basic Salary (20% of Basic Salary)	6,000
House Rent (10% free unfurnished Basic salary)	7,800
Value of Motor cycle (Payment of obligation)	10,000
<u>Gross Salary</u>	<u>1,48,200</u>

(-) Deduction u/s 16

(i) Standard Deduction	45,000
(ii) Entertainment Allowance	5,000
<u>Taxable Income from salary</u>	<u>1,03,200</u>