

15. 7. 2011
Law & Taxation
B. Com Part III

Page

By

Dr. S.N. Pathak
Dept of Commerce, R.N.C. Hajipur.

Question.

Mr Rakesh Ranjan is employed a factory as clerk in a small town of 5 lakh population. Since 1.2.2011 in the Salary grade of 3000-200-4800. He gets Dearness Pay equivalent to 40% of salary and also Dearness allowance equivalent to first month's salary and Bonus equivalent to last three month salary. He is also paid Entertainment allowance of 500 p.m and House rent allowance of 6000 p.m. The Head office of the Company is in Kanpur where goes once in a month. He is paid lump sum Rs 2000 by the Company for this purpose; But his actual expenses relating to this are only Rs 1400. During the year his employer has also done the following two payments on behalf of Mr Rakesh Ranjan

- (i) Payment of Employment tax on the basis of 100 p.m.
- (ii) Payment of Premium Rs 300 half yearly on the life of insurance policy taken on the life of Mr Rakesh Ranjan's son.

On the basis of above particulars
 Compute the taxable salary of Mr. Rakesh
 Ranjan under head 'Salary' for the
 Assessment year 2019-20. Mr. Rakesh Ranjan
 lives in his parental house.

Ans.

Computation of Taxable Income of
 Rakesh Ranjan under heads of Salary.
 Assessment year 2019-20

Salary	$4400 \times 10 = 44000$	
		<u>9200</u>
Dearness pay	$4600 \times 2 = 9200$	
Dearness Allowances	$40\% \text{ of } 53200 = 21280$	
Commission		10640
Bonus		4400
Entertainment Allowances	$500 \times 12 = 6000$	13600
House Rent Allowances	$6000 \times 12 = 72000$	6000
Employment Tax paid by employer.		72000
Life Insurance Premium		1200
Expenses incurred for Tour to Ranpur	$300 \times 2 = 600$	600
	$2000 - 1400 = 600$	600
		<u>183520</u>
(-) Deduction u/s 16		<u>41200</u>
(i) Standard Deduction	40000	
(ii) Employment Tax	1200	
		<u>142320</u>