

8.8.20

Law & Taxation

B. Com III Part

Chapter Salary

Exercise - B) Numerical

R.K. Jain

By Dr S.N. Pathak

Dept of Commerce R.N.C  
Haripur

### Question.

Mr D. Shrinivasan is a post officer. During the previous year 2018-19 his emoluments were as under:

(1) Basic Salary 4200 per month. Dearness Allowance 158% of salary (under the terms of employment

City Compensatory Allowances 200 P.M. From

1 Jan 2019 his salary has been revised at Rs 12000 P.M, 7% D.A and 500 P.M

City Compensatory Allowances are payable.

On 1 March 2019 he gets Rs 17500 as arrears on account of salary revision.

(2) Tour Allowances Rs 4000

(3) Overtime Allowances Rs 3000

(4) Special Allowances for duty performance 1500

(5) Rent free furnished House Rent of such House is 1500 P.M. Cost of furniture Rs 8000

(6) His contribution to statutory P.F is

8.33%

7) Employer contribution to group term scheme Rs 400.

8) Professional tax Rs 500 and Income tax 6200 paid by employee.

9) Entertainment Allowance Rs 500 p.m since 1988.

Compute Income from Salary & Assessment year 2019-20. The Salary becomes on 1st day of next month.

Ans.

Computation of Taxable Income of Mr. D. Shrinivashan from Salary Assessment year 2019-20

Salary.	4200 x 10 =	42000	
	12000 x 2		24000
			<hr/>
			66000
W.A.	15 1/2% of 42000 =		66360
	7% W.A. -		1680
			<hr/>
			64680
			<hr/>
			64680

		2000	
		1000	3000
			<hr/>
			17500

Provision

Tour Allowances (Exempt. Sec 10(14))

Overtime Allowances  
Special Allowances for duty (Exempt) 3000

H.R.A 300 x 12 = 3600

+ Furniture cost 600 4400

Entertainment Allowance 600 6000

Contribution to group term insurance 400 

---

 16794

Total gross salary. 167 940

(-) Standard Deduction

(i) 415 - 16 - 40000

(ii) Entertainment Allowance

(Govt employee) 5000

(iii) Professional Tax. 500

45500

Taxable Salary. 122440