

UDESHEREGULAR

FOR GROUP-1, MAY 2024

- Subject- Income Tax
- Chapter- Heads Of Income – Income U/H Salary
- Lecture No.- 14

Recap of Previous Lecture



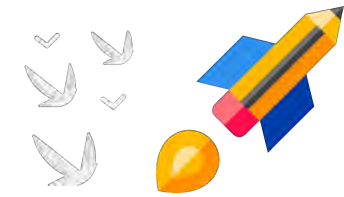
Topic

PEROVSKITES

Hw 9w 03/04

PHYSICS
WALLAH

Topics to be Covered



Topic

PEROVSKITES

PW Franchise Over 2/8/9

Topic: Perquisites



Basic $25000 \times 11m + 27500 \times 1 =$
 $= 275000 + 27500 = 302500 -$

DA $= 302500 \times 15\% = 45375 -$

Bonus $= 27500 \times 1.5 = 41250$

ER RIF $= 6\% \times (302500 + 45375) = 20873$

Telephone All $= 1000 \times 12 = 12000$ ✓

House keep $= 2000 \times 12 = 24000$ ✓

Gift $=$ Exempt

Med. Ins $=$ Ex.

Car $= 15000$

lunch $=$ fully exempt

RFAE

• Rf by ER $15000 \times 12 = 18000$

• 15% of Salary

$12 \times 15\% \text{ of } 401125 = 60169$

lower

$= 60169$

$$\begin{aligned}
 \text{Salary for RFAe} &= \text{BS} + \text{DA (RB)} + \text{Bonus} + \text{Taxable Allow.} \\
 &\quad + \text{Comm (10/\text{₹})} \\
 &= 302500 + 45375 + 41250 + 12000 + 0 \\
 &= 4,01,125
 \end{aligned}$$

$$\begin{aligned}
 \text{UAV} &= 15000 \times 12 \\
 &\uparrow = 180000.
 \end{aligned}$$

ER Taken leave on RUT from EE \Rightarrow Income v/H H/R

\hookrightarrow Some leave given As Acc. to EE \Rightarrow Pay = v/H salary

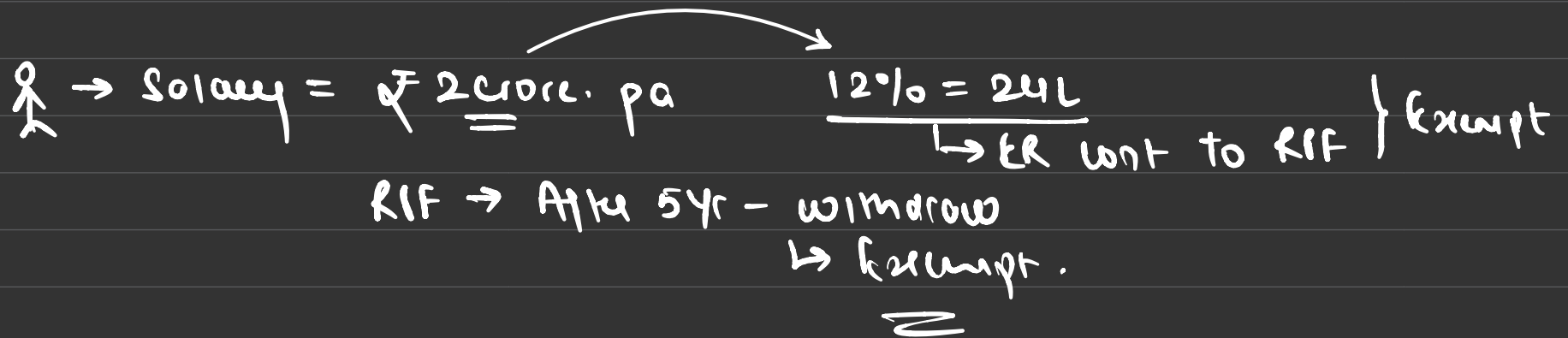
- R/P Pay by EE
- 15% of salary
- low.

RPF }
NPS } \Rightarrow ER contribute for Retirement benefit of ER
SAF }

RIF \rightarrow ER cont exempt upto 12% of RBS

NIS \rightarrow ER cont upto 10% of RBS

SAF \rightarrow Ex. upto ₹1.50L of cont by ER.


Person \rightarrow Salary = ₹ 2 crore. pa $\xrightarrow{12\% = 24L}$ ER cont to RIF } Exempt
RIF \rightarrow After 5yr - withdraw \rightarrow Exempt.
 \approx

ER Contribution

upto 7.50L pa \Rightarrow Exempt

RIF + NPS + SAF

Exceed 7.50L pa \Rightarrow Excess Taxable

eg. ER cont to RIF 10% of Basic salary.

Basic Salary \Rightarrow ₹85L

EK cont to RIF = $85L \times 10\% = \underline{8.50L}$

\swarrow 7.50L = Exempt
 \searrow 1.00L = Taxable
Req.

NPS = National Pension Scheme up to 80000

SAF = Super Annuation fund

- upto 12% of RBS } low is exempt.
- 7.50L

RPF \Rightarrow Interest credit

Santosh - Job = 8L pm

Year 1

ER contribute 12% of salary to RIF

Santosh contribute some Amt

ER cont = $8L \times 12 \times 12\% = 11,52,000$

EK cont = $8L \times 12 \times 12\% = 11,52,000$

Int = 1,20,000

RIF bal @ yr end = 24,24,000

Int credit \Rightarrow ₹ 1,20,000

S. 17(2)(vii) ER cont exceed ₹ 7.50L \rightarrow Excess cont
Taxable

ie $11,52,000 - 750,000 = 4,02,000$.

S. 17(2)(viii) \rightarrow Int belong to ER cont in excess of 7.50L
shall be Taxable.

$$\frac{TP \times R}{2}$$

$$= \frac{4,02,000 \times 0.099}{2}$$

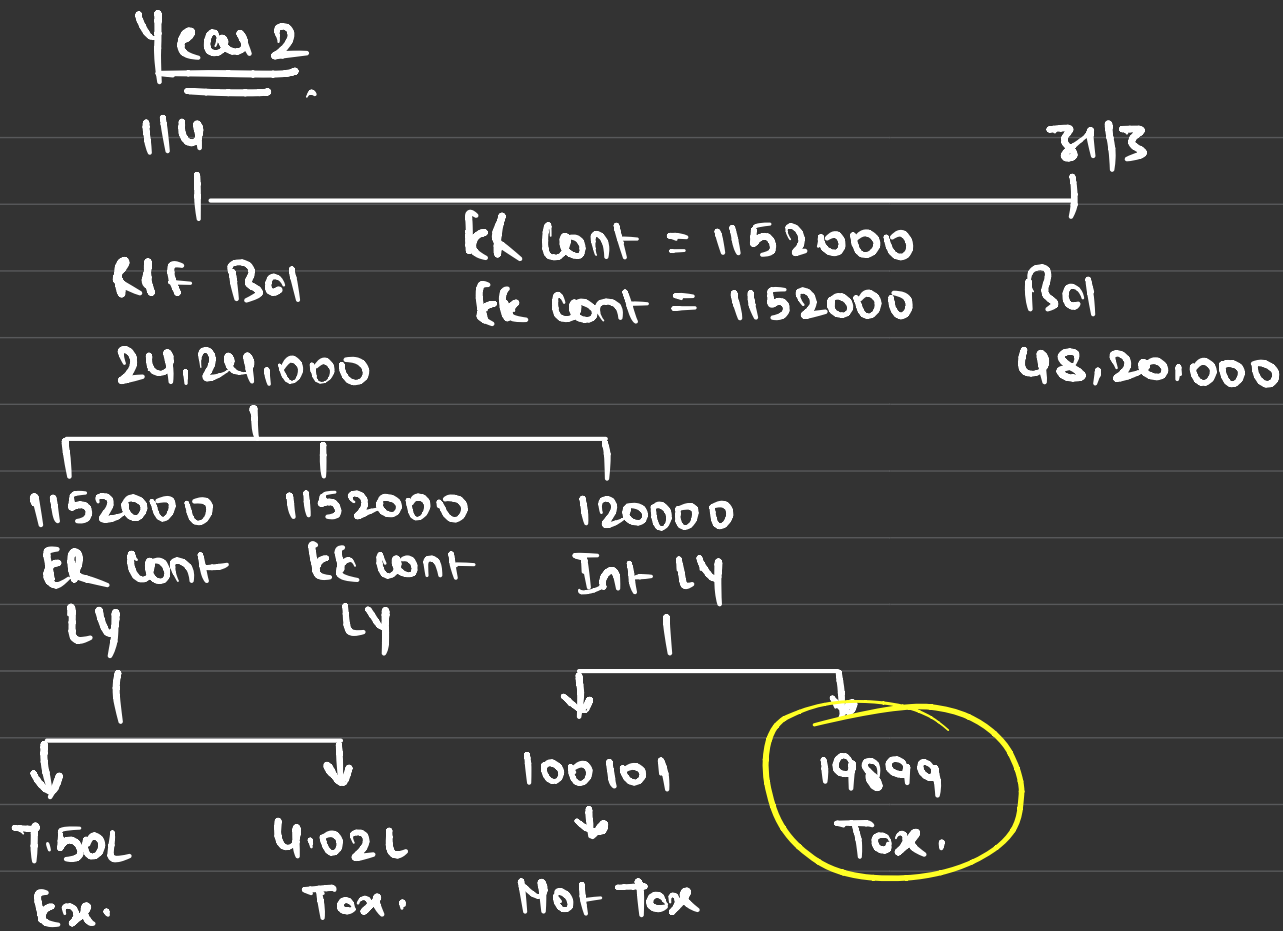
Taxable = 19,899

R = Int per supce. of Avg
fund balance.

$$\frac{\text{Int credit}}{(\text{Op bal} + \text{Cl. bal.}) / 2}$$

$$= \frac{1,20,000}{(0 + 24,24,000) / 2}$$

$$= 0.099.$$



Int Credit

| | |
|--------------|--------------|
| Closing bal | 4820000 |
| (-) CY cont | (2304000) |
| | 1152000 x 2 |
| (-) op bal | (2424000) |
| <u>Int =</u> | <u>92000</u> |

$$R = \frac{\text{Int}}{(\text{Op bal} + \text{Cl. bal}) / 2}$$

$$= \frac{92000}{(2424000 + 4820000) / 2}$$

$$= \frac{92000}{3622000} = 0.0254$$

S.17(2)(vii) = Taxable excess cont of ER

Year 2 ER Excess cont $\Rightarrow 1152000 - 750000 = 402000$

S.17(2)(viii) = Int on Excess Contribution

Yearly Taxable = Int on Curr. year excess cont
+
Int on last year excess cont & Tax Int

17(2)(vii)

$$\begin{aligned}\text{Taxable Inq} &= \frac{PC}{2} \times R + (PCI + TPI) \times R \\ &= \frac{402000}{2} \times 0.0254 + (402000 + 19899) \times 0.0254 \\ &= 5105.40 + 10716 = \underline{\underline{15821.40}}\end{aligned}$$

PC = Current year Excess Cont \rightarrow 402000

PC/2 = Avg of C.Y Excess Cont \rightarrow $402000 \div 2$

PCI \Rightarrow Preceding year excess cont \rightarrow 402000

TPI \Rightarrow Preceding year Int on excess cont = 19899

R = Int per spec of Avg fund bal

$$= \frac{\text{Int credit}}{(\text{op bal} + \text{cl. bal})/2}$$

Year 3

$$17(2)(VII) = \text{Exc. cont of ER} = 402000$$

$$17(2)(VIII) = \frac{PC}{2} \times R + \boxed{(PCI + TPI)} \times R$$

↳ 41242

$$= \frac{402000 \times R}{2} + Y1 = 402000 \quad \text{Int} = 19899$$
$$\frac{Y2 = 402000}{PCI = 804000} \quad \text{Int} = 15821$$
$$TPI = 35720$$

1115

2021-22

1 Sep'21 - 31 March'22 = 7m

$$\begin{aligned} \text{ER cont to REF} &= 10\% \text{ of } (BS + DA) \\ &= 10\% \times (6Lpm \times 7m + 48000 \times 7) \\ &= 453600 \end{aligned}$$

S. 17(2)(VII) / VIII \Rightarrow Not Applicable, As there is No Excess cont.

22-23

S.17(2)(vii) Excess cont by ER

ER cont = 10% of Basic + DA

$$10\% \text{ of } (648000 \times 12\text{M}) = 7,77,600.$$

$$\begin{aligned} \text{Excess cont by ER} &= 7,77,600 - 7,50,000 \\ &= 27,600. \end{aligned}$$

S.17(2)(vii)

$$\begin{aligned} TP &= \frac{P_c \times R}{2} + (P_{c1} + T_{c1}) \times R \\ &= \frac{27600 \times 0.111}{2} + (0 + 0) \times 0.111 \\ &= 1532 + 0 \\ &= 1532 \end{aligned}$$

Int Credit

| | |
|----------------------|-----------------|
| Cl. bal (31/3/23) | 2743048 |
| (-) Cy cont (ER+EE) | |
| 7,77,600 x 2 | (1555200) |
| (-) op. bal (1/4/22) | <u>(981137)</u> |
| Int | 2,06,711 |

$$\begin{aligned} R &= \frac{\text{Int}}{\frac{(\text{op bal} + \text{Cl. bal})}{2}} \\ &= \frac{206711}{\frac{(981137 + 2743048)}{2}} \\ &= \frac{206711}{1862092.50} = 0.1110 \end{aligned}$$

23-24

S.17(2)(vii) Excess cont by ER

ER cont = 10% of Basic + DA

$$10\% \text{ of } (648000 \times 12M) = 7,77,600.$$

$$\begin{aligned} \text{Excess cont by ER} &= 7,77,600 - 7,50,000 \\ &= \underline{\underline{27,600}}. \end{aligned}$$

S.17(2)(vii)

$$TP = \frac{PC}{2} \times R + (PC + TEI) \times R$$

$$= \frac{27600}{2} \times 0.0948 + (27600 + 1532) \times 0.0948$$

$$\begin{aligned} &= 1308.24 + 2761.71 \\ &= 4069.95 \text{ or } \underline{\underline{4070}}. \end{aligned}$$

Int Credit

| | | |
|----------------------|--------------|---------------|
| CI. bal | 3173124 | 4648555 |
| (-) (Y) cont (ER+EE) | | (1555200) |
| | 7,77,600 x 2 | |
| (-) op. bal | 114123 | (2743048) |
| | Int | <u>350307</u> |

$$R = \frac{\text{Int}}{(\text{op bal} + \text{CI. bal}) / 2}$$

$$= \frac{350307}{(2743048 + 4648555) / 2}$$

$$= \frac{350307}{36,95,801.5} = 0.0948$$

RIF EE cont Excess 2.5L/5L \rightarrow Int belong to
Excess cont is
Taxable

17(2)(vii)/(viii) = EE Excess cont & Int throu.



2 mins Summary

Topic

Prerequisites

Topic

QUESTIONS



PHYSICS
WALLAH



Thank You

