

# SALARY.

- \* In old regime all allowances will be exempted
- \* In New regime Traveling, Daily, Conveyance, Transport this 4 are exempted upto limit

## Exemption U/S-10(14)

- Education allowance - 100 p.m (2 children)
- Hostel Expenditure allowance - 300 p.m [2 children]
- Running Allowance - 10000 p.m (or) 70% of allowance  $\rightarrow$  WEL (Not receipt of DA)   
 daily allowance
- Transport allowance - 3200 p.m [Blind, handicapped, deaf, dumb they are eligible]
- Underground allowance - 800 p.m [who work in mines]
- Tribal area allowance - 200 p.m [who working in M T U K T A W B O]
- Field area allowance - 2600 p.m
- Modified field areas allowance - 1000 p.m
- counter insurgency allowance - 3900 p.m
- Special compensatory highly active field area allowance - 4200 p.m
- Island duty allowance - 3250 p.m.

## House Rent Allowance U/S-10(13A)

Format: Actual HRA received

- (-) least of the following xx
  - (i) Actual HRA received xx
  - (ii) 40% (or) 50% <sup>CMKD</sup> of Salary xx
  - (iii) Rent paid - 10% of Salary xx
- $\therefore$  Taxable HRA xx

Salary includes:

- > Basic Salary
- > DA [Retirement Part]
- > CoT fixed %.

## Rent Free Accommodation

- (i) By Government Employee license fee - Amt received
- (ii) By Non-Government Employee

Ⓒ Owned by employee  
as per 2001 census

- 100000  $\rightarrow$  7.5% of Salary - Amt received
- 10L to 25L  $\rightarrow$  10% of Salary - Amt received
- 25L to more  $\rightarrow$  15% of Salary - Amt received

as per 2011 census

- 15L  $\rightarrow$  5% of Salary - Amt received
- 15L to 40L  $\rightarrow$  7.5% of Salary - Amt received
- 40L to more  $\rightarrow$  10% of Salary - Amt received

Ⓒ Hired by employee

- Actual Rent paid by employee to owner
  - 15% of Salary [from 1/4/23 to 31/8/2023]
  - 10% of Salary [from 1/9/23 to 31/3/2024]
- } WEL

(iii) Ⓒ Hotel Accommodation [upto 15 days  $\rightarrow$  exempted]

- Actual Rent paid by employee to hotel
  - 24% of Salary
- } WEL

(iv) Furnished Accommodation

- value of unfurnished accommodation xx
  - (+) 10% on cost of furniture xx
  - (+) Actual hire charges of furniture xx
- $\therefore$  value of furnished Accommodation xxx

(vi). if two RFA provided to an Employee

- > For first 90 days - One with lower is taxable
- > after 90 days - Both will be taxable

(vii). Salary includes - Basic Pay, DA [retirement part], Bonus, all allowances

### Motor car

Official purpose - Nil [for all]

\* Car owned & Running & maintenance exp met by Employee

Private purpose -> 10% P.A. cost of car + Running maintenance exp

Both purpose -> • Capacity 1.6 liters => 1800 P.M. car + 900 P.M. driver

• Capacity exceeds 1.6 liters => 2400 P.M. car + 900 P.M. driver

\* Car owned - Employee, maintenance exp - Employee

Private purpose -> 10% P.A. cost of car (only for specified employees)

Both purpose -> • Capacity 1.6 liters => 600 P.M. car + 900 P.M. driver

• Capacity exceeds 1.6 liters => 900 P.M. car + 900 P.M. driver

\* Car owned - Employee, maintenance exp - Employee

Private purpose -> Running & maintenance met by employee

Both purpose -> • Capacity 1.6 liters => 1800 P.M. car + 900 P.M. driver

• Capacity exceeds 1.6 liters => 2400 P.M. car + 900 P.M. driver

[for both specified & non-specified employees]

### Medical facilities

Treatment in India -> fully Exempted

Treatment in abroad -> Treatment & Stay exp - within RBI limit -> Exempt  
Cost of travel - 20000 is limit

Leave Travel Assistance [only for family means spouse, children, parent, bro & sis]

- Employee can avail twice in a block of 4 years
- if he can't avail in 4 years, he can avail in next 4 years of block
- Only 2 children born after 1.10.1998
- it can be availed without performing journey -> fully tax
- if he use excess amt -> he will pay tax on that excess amt only
- Airways - Economy class
- Train - 1<sup>st</sup> class travel

### Int. free loan

Taxable value = maximum outstanding bal x SBI leading - Actual int rate charged

Exempted amt -> 20000

### Transfer of movable assets

Computer -> Rate of dep 50% on WDV

Car -> Rate of dep 20% on WDV

Other assets -> Rate of dep 10% on SLM

ESOP = FMV [ $0.1P + 0.9/2$ ] - amt actually received

## Other Perquisites

Free food & non-alcoholic beverage

• limit - 250

• Taxable value = cost of employer - Amt received

Gift by Employer

• In cash → always taxable without any threshold limit

• In kind → aggregate doesn't exceed 5000 - fully exempted, excess - taxable

Free Education Facility

• No restriction on number of children

• Per child doesn't exceed ₹1000 fully exempted

**Gratuity - Sec 10(10)** [Central & State govt employees - fully exempted]

(i) Who is covered under Payment of Gratuity Act 1972.

Format:	Actual gratuity received	xx	Salary includes: > Basic pay > DA  ∴ more than 6M consider as 1y.
(-) least of the follo exempted			
(i) Actual gratuity received	xx		
(ii) maximum limit	2000000		
(iii) $15/26 \times$ last drawn Salary x No. of year service	xx	xx	
	∴ Taxable gratuity	xx	

(ii) Who is Not covered under Payment of Gratuity Act 1972

Format:	Actual gratuity received	xx	Salary includes: > Basic pay > DA [Retirement pay] > Commission on turnover %  ∴ ignore months
(-) least of the follo exempted			
(i) Actual gratuity received	xx		
(ii) maximum limit	2000000		
(iii) $1/2 \times$ Aug Salary of 10 M/x No. of year service	xx	xx	
	∴ Taxable gratuity	xx	

**Pension - Sec 10(10A)** [Central & State govt employees - fully exempted]

(i) if Employee Received Gratuity with Pension

	Actual pension received	xx
(-) least of the follo exempted		
(i) Actual pension received	xx	
(ii) $1/3$ of full value of Pension	xx	xx
	∴ Taxable pension	xx

(ii) if Employee Received Pension

	Actual pension received	xx
(-) least of the follo exempted		
(i) Actual pension received	xx	
(ii) $1/2$ of full value of Pension	xx	xx
	∴ Taxable pension	xx

**Leave Salary - Sec 10(10AA)** [govt employees → fully exempted]

Format: Actual leave Salary Received xx

(-) least of the follo exempted

(i) Actual received	xx	}	xx
(ii) maximum limit	2500000		
(iii) 10M avg salary x 10	xx		
(iv) Avg salary x No. of unavailed x 1/30	xx		
∴ Taxable LS -----			xx

- Salary includes:
- > Basic pay
  - > DA [retirement]
  - > COT %.

**Retrenchment Compensation - Sec 10(10B)**

Format: Actual amt of compensation Received xx

(-) least of the follo exempted

(i) Amt of compensation received	xx	}	xx
(ii) maximum amt	500000		
(iii) No. of completed services x Avg salary x 15/30	xx		
∴ Taxable Retrenchment -----			xx

- Salary includes:
- > Basic pay
  - > DA

**Voluntary Retirement Compensation - Sec 10(10C)**

Format: Actual received xx

(-) least of the follo exempted

(i) Actual received	xx	}	xx
(ii) maximum amt	500000		
(iii) No. of completed service x last drawn x 3	xx		
WEL { (OR) Remaining service in month x last drawn	xx		
∴ Taxable value -----			xx

- Salary includes:
- > Basic pay
  - > DA [Retirement]

**Deductions from Salaries - Sec - 16**

Sec - 16(ia) Standard deduction (can claimed under both regimes)  
50000 (or) gross salary → WEL

Sec - 16(ii) Entertainment allowance (only for govt employees) [under old regime]

Actual received xx

(-) least of the follo

(i) actual received	xx	}	xx
(ii) maximum limit	5000 p.m		
(iii) 20% of Basic Salary	xx		
∴ Taxable -----			xx

Sec - 16(iii) Professional tax  
maximum limit - 200 p.m [only under old regime]

**Provident fund.**

Employer contribution - upto 12% Exempted

Int on employer contribution - upto 9.5% Exempted