

STUDY MATERIAL

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**Proforma for computation of income under the head "Salaries" as per
default tax regime under section 115BAC**

	Particulars	Amt (₹)
(i)	Basic Salary	xxx
(ii)	Fees/Commission	xxx
(iii)	Bonus	xxx
(iv)	Allowances:	
	(a) Dearness Allowance [Fully taxable]	xxx
	(b) House Rent Allowance (HRA) [Fully taxable]	xxx
	(c) Children Education Allowance [Fully taxable]	xxx
	(d) Children Hostel Allowance [Fully taxable]	xxx
	(e) Transport allowance	xxx
	Less: ₹ 3,200 per month only in case of blind/ deaf and dumb/orthopedically handicapped employee	xxx
		xxx
	(f) Entertainment Allowance [Fully taxable]	xxx
	(g) Travelling Allowance/Daily Allowance/ Conveyance Allowance	xxx
	Less: Exempt if the amount is fully utilised for the purpose	xxx
		xxx
	(h) Other Allowances including overtime allowance, city compensatory allowance etc. [Fully taxable]	xxx
(v)	Taxable Perquisites	
	(a) Value of rent-free accommodation provided to the employee*/ Value of any accommodation provided to the employee at a concessional rate*	xxx
	I) Where the accommodation is provided by the Govt. to its employees	
	License fee determined by the Govt.	xxx
	Less: Rent actually paid by the employer	xxx

II) Where the accommodation is provided by any other employer		
<i>If accommodation is owned by the employer</i>		
(i) Cities having population > 40 lakh as per 2011 census	10% of salary in respect of the period of occupation (–) rent recovered from employee	xxx
(ii) Cities having population > 15 lakh ≤ 40 lakh as per 2011 census	7.5% of salary in respect of the period of occupation (–) rent recovered from employee	xxx
(iii) In other cities	5% of salary in respect of the period of occupation (–) rent recovered from employee	xxx
<i>If accommodation is taken on lease/rent by the employer</i>		
Lower of lease rental paid or payable by the employer (or) 10% of salary		xxx
Less: Rent recovered from the employee		xxx
(b) Obligation of employee discharged by employer: For e.g., Professional tax paid by the employer		xxx
(c) Any sum payable by the employer to effect an assurance on the life of the employee or to effect a contract for annuity: Actual expenditure incurred by the employer		xxx
(d) Amount or aggregate of amounts of any contribution made - in a recognised provident fund, - in NPS referred to in section 80CCD(1) - in an approved superannuation fund by the employer to the account of the assessee, to the extent it exceeds ₹ 7,50,000 in a P.Y.		xxx
(e) Annual accretion by way of interest, dividend or any other amount of similar nature during the P.Y. to the balance at the credit of the recognized provident fund or NPS or approved superannuation fund to the extent it relates to the employer's contribution which is included in total income in any P.Y. under section 17(2)(vii)		xxx

(f)	Value of use of motor car [Refer Table below]	xxx
(g)	<p>Any other perquisite: For example,</p> <p>(1) Provision of services of a sweeper, gardener, watchman or personal attendant: Actual cost to employer by way of salary paid or payable for such services (-) amount paid by the employee</p> <p>(2) Gas, electricity, or water supplied by employer for household consumption of the employee: Amount paid on that account by the employer to the agency supplying gas etc. (-) amount paid by the employee</p> <p>(3) Provision of free or concessional education facilities for any member of employee's household: Sum equal to the expenditure incurred by the employer (-) amount paid or recovered from the employee</p> <p>Where educational institution is maintained and owned by employer: Cost of such education in similar institution in or near the locality (-) amount paid or recovered from employee [However, there would be no perquisite if the value of benefit per child does not exceed ₹ 1,000 p.m.]</p> <p>Note: Above perquisites in (f) and (g) are taxable only in case of specified employees.</p> <p>(4) Interest-free or concessional loan exceeding ₹ 20,000: Interest computed at the rate charged by SBI as on 1st day of relevant P.Y. in respect of loans for similar purposes on the maximum outstanding monthly balance (-) interest actually paid by employee</p> <p>(5) Free food and non-alcoholic beverages through paid vouchers</p> <p>(6) Value of gift, voucher: Sum equal to the amount of such gift [If value of gift, voucher is below ₹ 5,000, there would be no perquisite]</p> <p>(7) Use of moveable assets [Refer table at page 3.88]</p> <p>(8) Transfer of moveable assets: Actual cost of asset to employer – cost of normal wear and tear – Amount paid or recovered from employee [Refer table at page 3.88]</p>	xxx
(vi)	Leave travel concession [Fully taxable]	xxx

(vii)	Gratuity		
	(a) Received during the tenure of employment (fully taxable)	xxx	
	(b) Received at the time of retirement or otherwise	xxx	
	Less: Exempt u/s 10(10) [Refer fig at Page 3.32]	xxx	xxx
(viii)	Uncommuted pension [fully taxable]		xxx
(ix)	Commuted pension	xxx	
	Less: Exempt u/s 10(10A) [Refer fig at Page 3.29]	xxx	xxx
(x)	Leave encashment		
	(a) Received during the employment [fully taxable]	xxx	
	(b) Received at the time of retirement or otherwise	xxx	
	Less: Exempt u/s 10(10AA) [Refer fig at Page 3.36]	xxx	xxx
(xi)	Voluntary retirement compensation	xxx	
	Less: Exempt u/s 10(10C) - Least of the following:	xxx	xxx
	(a) Compensation received/receivable on voluntary retirement	xxx	
	(b) ₹ 5,00,000	xxx	
	(c) 3 months' salary x completed years of service	xxx	
	(d) Last drawn salary x remaining months of service left	xxx	
(xii)	Retrenchment compensation etc.	xxx	
	Less: Exempt u/s 10(10B)] – Least of the following:	xxx	xxx
	(a) Compensation actually received	xxx	
	(b) ₹ 5,00,000	xxx	
	(c) 15 days average pay x completed years of service and part thereof in excess of 6 months	xxx	
Gross Salary			xxx
Less:	Deduction under section 16		
	Standard deduction u/s 16(ia) - amount of salary or ₹ 75,000, whichever is less		xxx
Income under the head "Salaries"			xxx

Proforma for computation of income under the head "Salaries" under the optional tax regime (i.e., the normal provisions of the Act)

	Particulars		Amt (₹)
(i)	Basic Salary		xxx
(ii)	Fees/Commission		xxx
(iii)	Bonus		xxx
(iv)	Allowances:		
(a)	Dearness Allowance [Fully taxable]		xxx
(b)	House Rent Allowance (HRA)	xxx	
	Less: Least of the following is exempt [Section 10(13A)]	xxx	xxx
	(i) HRA actually received	xxx	
	(ii) Rent paid (-)10% of salary for the relevant period	xxx	
	(iii) 50% of salary, if accommodation is located in Mumbai, Kolkata, Delhi or Chennai or 40% of salary in any other city for the relevant period	xxx	
(c)	Children Education Allowance	xxx	
	Less: Exempt upto ₹ 100 per month per child upto maximum of two children	xxx	xxx
(d)	Children Hostel Allowance	xxx	
	Less: Exempt upto ₹ 300 per month per child upto maximum of two children	xxx	xxx
(e)	Transport allowance	xxx	
	Less: ₹ 3,200 per month only in case of blind/ deaf and dumb/ orthopedically handicapped employee	xxx	xxx
(f)	Entertainment Allowance		xxx
(g)	Travelling Allowance/ Daily Allowance/ Conveyance Allowance	xxx	
	Less: Exempt if the amount is fully utilised for the purpose	xxx	xxx
(h)	Other Allowances including overtime allowance, city compensatory allowance etc.		xxx

(v)	Taxable Perquisites	
(a)	Value of rent free accommodation provided to the employee¹/ Value of any accommodation provided to the employee at a concessional rate¹	xxx
	I) Where the accommodation is provided by the Govt. to its employees	
	License fee determined by the Govt.	xxx
	Less: Rent actually paid by the employer	xxx
	II) Where the accommodation is provided by any other employer	
	<u>If accommodation is owned by the employer</u>	
	(i) Cities having population > 40 lakh as per 2011 census	
	10% of salary in respect of the period of occupation (–) rent recovered from employee	xxx
	(ii) Cities having population > 15 lakh ≤ 40 lakh as per 2011 census	
	7.5% of salary in respect of the period of occupation (–) rent recovered from employee	xxx
	(iii) In other cities	
	5% of salary in respect of the period of occupation (–) rent recovered from employee	xxx
	<u>If accommodation is taken on lease/rent by the employer</u>	
	Lower of lease rental paid or payable by the employer (or) 10% of salary	xxx
	Less: Rent recovered from the employee	xxx
(b)	Obligation of employee discharged by employer: For e.g., Professional tax paid by the employer	xxx
(c)	Any sum payable by the employer to effect an assurance on the life of the employee or to effect a contract for annuity: Actual expenditure incurred by the employer	xxx
(d)	Amount or aggregate of amounts of any contribution made –	xxx
	- in a recognised provident fund,	

	<p>- in NPS referred to in section 80CCD(1)</p> <p>- in an approved superannuation fund</p> <p>by the employer to the account of the assessee, to the extent it exceeds ₹ 7,50,000</p>	
(e)	<p>Annual accretion by way of interest, dividend or any other amount of similar nature during the P.Y. to the balance at the credit of the recognized provident fund or NPS or approved superannuation fund to the extent it relates to the employer's contribution which is included in total income in any P.Y. under section 17(2)(vii)</p>	xxx
(f)	Value of use of motor car [Refer Table below]	xxx
(g)	<p>Any other perquisite: For example,</p> <p>(1) Provision of services of a sweeper, gardener, watchman or personal attendant: Actual cost to employer by way of salary paid or payable for such services (-) amount paid by the employee</p> <p>(2) Gas, electricity, or water supplied by employer for household consumption of the employee: Amount paid on that account by the employer to the agency supplying gas etc. (-) amount paid by the employee</p> <p>(3) Provision of free or concessional education facilities for any member of employee's household: Sum equal to the expenditure incurred by the employer (-) amount paid or recovered from the employee</p> <p>Where educational institution is maintained and owned by employer: Cost of such education in similar institution in or near the locality (-) amount paid or recovered from employee [However, there would be no perquisite if the value of benefit per child does not exceed ₹ 1,000 p.m.]</p> <p>Note: Above perquisites in (f) and (g) are taxable only in case of specified employees.</p> <p>(4) Interest-free or concessional loan exceeding ₹ 20,000: Interest computed at the rate charged by SBI as on 1st day of relevant P.Y. in respect of loans for similar purposes on the maximum outstanding monthly balance (-) interest actually paid by employee</p>	xxx

	<p>(5) Free food and non-alcoholic beverages: Expenses incurred by employer (-) amount recovered from employee [Free food and non-alcoholic beverages provided during office hours or paid vouchers upto ₹ 50 per meal is exempt]</p> <p>(6) Value of gift, voucher: Sum equal to the amount of such gift [If value of gift, voucher is below ₹ 5,000, there would be no perquisite]</p> <p>(7) Use of moveable assets [Refer table at page 3.88]</p> <p>(8) Transfer of moveable assets: Actual cost of asset to employer – cost of normal wear and tear – Amount paid or recovered from employee [Refer table at page 3.88]</p>		
(vi)	Leave travel concession	xxx	
	Less: Exempt u/s 10(5) [Refer table at Page 3.63]	xxx	xxx
(vii)	Gratuity		
	(a) Received during the tenure of employment [fully taxable]	xxx	
	(b) Received at the time of retirement or otherwise	xxx	
	Less: Exempt u/s 10(10) [Refer fig at Page 3.32]	xxx	xxx
(viii)	Uncommuted pension [fully taxable]		xxx
(ix)	Commuted pension	xxx	
	Less: Exempt u/s 10(10A) [Refer fig at Page 3.29]	xxx	xxx
(x)	Leave encashment		
	(a) Received during the employment (fully taxable)	xxx	
	(b) Received at the time of retirement or otherwise	xxx	
	Less: Exempt u/s 10(10AA) [Refer fig at Page 3.36]	xxx	xxx
(xi)	Voluntary retirement compensation	xxx	
	Less: Exempt u/s 10(10C) - Least of the following:	xxx	xxx
	(a) Compensation received/receivable on voluntary retirement	xxx	
	(b) ₹ 5,00,000	xxx	
	(c) 3 months' salary x completed years of service	xxx	
	(d) Last drawn salary x remaining months of service left	xxx	

(xii)	Retrenchment compensation etc.	xxx	
	Less: Exempt u/s 10(10B)] – Least of the following:	xxx	xxx
	(a) Compensation actually received	xxx	
	(b) ₹ 5,00,000	xxx	
	(c) 15 days average pay x completed years of service and part thereof in excess of 6 months	xxx	
Gross Salary			xxx
Less:	Deduction under section 16		
	Standard deduction u/s 16(ia) - amount of salary or ₹ 50,000, whichever is less		xxx
	Entertainment allowance u/s 16(ii) (only for Govt. employees)	xxx	
	Least of the following is allowable as deduction:	xxx	xxx
	(a) ₹ 5,000	xxx	
	(b) 1/5 th of basic salary	xxx	
	(c) Actual entertainment allowance received	xxx	
	Professional Tax/Tax on employment (paid by employer/ employee) u/s 16(iii)		xxx
Income under the head "Salaries"			xxx

Proforma for computation of income under the head "Salaries" under optional tax regime taking Salaries computed as per default tax regime under section 115BAC as the starting point

Particulars	Amt (₹)
Income under the head "Salaries" under default tax regime under section 115BAC	xxx
Add: Deduction under section 16	
Difference between standard deduction claimed under default tax regime i.e., lower of gross salary or ₹ 75,000 and standard deduction available under optional tax regime i.e., lower of gross salary or ₹ 50,000	xxx
Less: HRA exempt under section 10(13A) – Least of the three limits	xxx
Children Education Allowance (Upto ₹ 100 per month per child upto maximum of two children)	xxx

Children Hostel Allowance (Upto ₹ 300 per month per child upto maximum of two children)	xxx
Free food and non-alcoholic beverages through paid vouchers upto ₹ 50 per meal	xxx
Leave travel concession exempt u/s 10(5)	xxx
	xxx
Less: Deduction under section 16	
Entertainment allowance u/s 16(ii) (only for Govt. employees)	xxx
Professional Tax/Tax on employment (paid by employer/employee) u/s 16(iii)	xxx
Income under the head "Salaries" under optional tax regime	xxx

PERQUISITE VALUE OF MOTOR CAR											
S. No.	Car owned/hired by	Expenses met by	Wholly official use	Partly personal use							
1	Employer	Employer	No value*	<table><tr><th>cc of engine</th><th>Perquisite value</th></tr><tr><td>upto 1.6 litres</td><td>₹ 1,800 p.m.</td></tr><tr><td>above 1.6 litres</td><td>₹ 2,400 p.m.</td></tr></table>	cc of engine	Perquisite value	upto 1.6 litres	₹ 1,800 p.m.	above 1.6 litres	₹ 2,400 p.m.	<p>If chauffeur is also provided, ₹ 900 p.m. should be added to the above value.</p>
cc of engine	Perquisite value										
upto 1.6 litres	₹ 1,800 p.m.										
above 1.6 litres	₹ 2,400 p.m.										
2	Employee	Employer	No value*	Actual amount of expenditure incurred by the employer as reduced by the perquisite value arrived at in (1) above.							
3	Employer	Employee	-	<table><tr><th>cc of engine</th><th>Perquisite value</th></tr><tr><td>upto 1.6 litres</td><td>₹ 600 p.m.</td></tr><tr><td>above 1.6 litres</td><td>₹ 900 p.m.</td></tr></table>	cc of engine	Perquisite value	upto 1.6 litres	₹ 600 p.m.	above 1.6 litres	₹ 900 p.m.	<p>If chauffeur is also provided, ₹ 900 p.m. should be added to the above value.</p>
cc of engine	Perquisite value										
upto 1.6 litres	₹ 600 p.m.										
above 1.6 litres	₹ 900 p.m.										

*provided employer maintains the complete details of such journey and expenditure thereon and gives a certificate that such expenditure are incurred wholly for official use.