

UDHNA COLLEGE

SYBCOM SEM-IV

ADVANCED ACCOUNTING & AUDITING-IV

(Accountancy & Taxation)

Unit 2 Computation of Income under the Head “Salaries”

Q1) X joins the service in the grade of Rs.12000-300-13800-400-17800 on 1/6/2013. Compute his basic salary for the assessment year 2025-26.

Q2) R joins the service in the grade of Rs.12000-300-13800-400-17800 on 1/8/2020 and his salary was fixed at Rs.14200 from the date of joining. Compute his basic salary for the assessment year 2025-26.

Q3) Mr. X is employed with ABC Ltd. On a basic salary of Rs.60000 p.m. He is also entitled to a dearness allowance of 20% of basic salary. 70% of the dearness allowance is included in salary for retirement benefits. The company gives his HRA of Rs. 30000 p.m.

With effect from 1/1/2025 he receives an increment of Rs.10000 in his basic salary.

During the previous year 2024-25 he has received arrears of salary pertaining to earlier year amounting to Rs.80000.

X was staying with his parents till 31/10/2024. From 1/11/2024 he takes accommodation on rent in Delhi at Rs.25000 p.m. as rent.

Compute his gross salary for Assessment Year 2025-26.

Q4) Mr. Atif retire from a pvt. Co. on 1/3/2025 after a service of 25 years & 11 months. He receives Rs.40,00,000 as gratuity. During calendar year 2024 & 2025 his average monthly basic salary was Rs.120000 & Rs.140000. During the calendar year 2024 & 2025 he received bonus Rs.60000 & Rs.80000 per month. Find taxable gratuity for the year 2025-26 if he is covered under the Gratuity Act 1972.

Q5) A retired on 15/4/2025 from B Company ltd. He was entitled to a pension of Rs.14000 p.m. At the time of retirement, he got 50% of the pension commuted and received Rs. 300000 as commuted pension. Compute the taxable portion of the commuted pension if he is also entitled to receive gratuity.

Q6) On 1-1-2019, Shri Kundan (specified employee) joined a company at Ahmedabad (having population of more than 25 lakhs) as its sales manager, in the grade of Rs. 12,000-750-18,000-1,500-30,000. From the following information, calculate his total taxable salary income for the previous year 2024-25:

- (1) The company pays 25% Dearness Allowance.
- (2) The company pays bonus at 12% of basic salary.
- (3) The company has provided him a motor car (of 1600 c.c.) for his personal as well as company works and the company paid Rs. 84,000 as its maintenance charges including salary of a driver. The car is used for both the purposes.
- (4) The company contributes 14% of basic salary in his recognized Provident Fund, while Shri Kundan has paid 15% of basic salary.
- (5) Interest credited to Recognized Provident Fund is Rs. 37,500 at the rate of 12.50%.
- (6) The company has provided a residential house for which the company has to pay rent of Rs. 9,000 p.m. The company has also provided furniture of Rs. 2,40,000 in the house.
- (7) The company has paid the following on his behalf:
 - (a) Salary of house servant Rs. 18,000
 - (b) Salary of Gardener Rs. 6,000.
 - (c) Salary of sweeper Rs. 3,600, and
 - (d) Salary of watchman Rs. 24,000,
- (8) The company has paid Rs. 30,000 as his annual membership fees of a club.

Q7) From the following details of salary income of Mrs. Aparna Goswami, the managing director of a company, for the financial year 2024-25, compute her taxable salary of A. Y. 2025-26.

- (1) Basic salary Rs. 4,20,000.
- (2) Bonus Rs. 45,000
- (3) Entertainment allowance Rs. 5,000.

(4) Payment made by the employer for free supply of gas, electricity provided for personal use Rs.6250.

(5) House servant's salary reimbursed by the employer Rs. 14,400.

(6) Free education facility provided to three children in an institution maintained by the employer; cost borne by the company for providing such education is Rs. 39,000 of which Rs. 3,600 is recovered from her salary.

(7) Concessional lunch facility provided during office hours (cost per dish Rs. 100 for 290 days is borne by the company); a token amount of Rs. 20 per dish is deducted from her salary.

(8) Cost borne by the company for providing free holiday home facility at Mahabaleshwar Rs. 36,000.

(9) The company has also paid salary of cook and watchman at Rs. 9,600 and Rs. 18,000 respectively.

(10) Mrs. Goswami bought personal articles worth Rs. 27,500 by using the credit card provided by the employer.

(11) The company has transferred a motor car to her name at a token price of Rs. 22,400 as against its original cost of Rs. 2,50,000 (used by the company for last 4 years Depreciation @ 20% p. a. rate under DBM is to be considered.)

(12) Company's contribution to recognized provident Fund Rs. 50,400.

(13) Employee's contribution to recognized provident Fund Rs. 48,000.

(14) Interest credited to her R. P. F. A/c @ 10.5% is Rs. 23,100.

(15) Deposited by her in Public Provident Fund Rs. 60,000.

(16) Professional tax paid by her Rs. 2,400.

Q8) R is an employee posted at Bangalore. The following are the particulars of his salary income.

1. Salary @ 10,000 p.m.
2. D.A. @ 6,000 p.m. (50% enters for service benefits).
3. He is provided with a car of 1.8-liter engine capacity with chauffeur for his official and private purposes.
4. Commission on turnover achieved by R@2% of 10,00,000.

5. Bonus Rs.16000
6. He is provided with rent free furnished house and the employer pays Rs.9000 p.m. for the house and 1,500 p.m. for the furniture.
7. The employee contributes 15% of his salary towards his provident fund and the employer is contributing the same amount. Interest credited during the year @ 14% being ₹14,000.
8. He paid 18,000 as Life Insurance Premium on his life.

Compute his taxable salary income for Assessment Year 2025-26.

Q9) R is General Manager of a Company in Ludhiana since 2000. He has submitted following particulars his income for the financial year 2024-25.

- Basic salary ₹1,10,000
- D.A. 2,000 per month (₹500 p.m. enters retirement benefits)
- Education allowance for two children 130 p.m. per child.
- 1% Commission on sales Rs.20,000.
- Entertainment allowance ₹800 p.m.
- He was given cloth as gift worth 12,000 by his employer.
- He resides in the Bungalow of the company. Its fair rent ₹2,000 p.m. He pays 11,000 p.a. as rent for the house. A watchman and a cook have been provided by the company who were paid ₹400 per month each.
- He has been provided with motor-car of 1.8-liter engine capacity power for his official as well as personal use. Running and maintenance expenses are borne by the company.
- The company has contributed 15,000 to his RPF. Interest credited to RPF was 13% pa. amounted to Rs.16250.

Compute his income under the head salary for the assessment year 2025-26 assuming population of Ludhiana is 26 lakhs.

Q10) Mr. Veer, a non-government employee, gets Rs.420000 as commuted pension in addition to gratuity at the time of retirement. The above commuted pension has been given to him at 50% of total commutable pension. Compute the

amount of taxable part of commuted pension received by him. (VNSGU April 2025)

Q11) Mr. Meer (covered by the payment of Gratuity Act,1972) receives Rs.664000 as gratuity. He has retired on 15/3/2025 after rendering a total service of 30 years and 2 months. His last drawn monthly salary (including dearness allowance) was RS. 11960. Calculate the amount of tax-free gratuity. (VNSGU April 2025)

Q12) Compute the taxable Salary income of a specified employee, Mr. Kaushal for the Assessment year 2025-26 from the following data made available to you (VNSGU APRIL 2025)

1. Basic Salary Rs. 20,000 p. p.m., which will be increased to Rs. 22000 monthly from 01/07/2024.

2. D.A. @ 50% of basic salary.

3. Bonus @ 10% of basic salary

4. House Rent Allowance @ 20% of basic salary.

Actual Rent paid Rs. 28,000

5. Entertainment Allowance Rs. 2,000 p.m.

6. Transport Allowance Rs. 1,500 p.m.

7. Education Allowance Rs. 400 p.m. (for two children)

Hostel Allowance Rs. 600 p.m. (Both children live in the hostel)

8. Medical Allowance Rs. 1,000 p.m.

9. Compensation for injuries sustained during the office hours Rs. 5,000.

10. Expenses paid by company on behalf of employee.

A. Servant's salary Rs. 10,000.

B. Sweeper's Salary Rs. 3,600.

C. Watchman's Salary Rs. 36,000.

D. Gas-electricity bill Rs. 15,000.

E. His Father's Medical Expenses Rs. 32,000.

F. Club Fees (Annual) Rs. 12,000.

11. Contribution to recognized provident fund by both @14% of salary.

12. Interest @12.5% p.a. rate credited to recognized provident fund account Rs. 18,750.

13. He has paid professional tax of Rs. 200 p.m.

Q13) Find the basic salary of Mr. Yogesh for the assessment year 2025-26 from the following information. (VNSGU OCTOBER 2025)

Net salary (after deduction of TDS & own contribution at 14% to RPF) Rs.281000.

TDS Rs.20000

Q14) State three conditions for tax exemption when gratuity received by non-government employee is not covered under the payment of Gratuity Act,1972. (VNSGU OCT. 2025).

Q15) Compute the taxable salary income of Shri Ravi for the relevant previous year of assessment year 2025-26 from the following information. (VNSGU OCT. 2025).

(1) Basic salary Rs. 2,67,750.

2) Dearness allowance as 50% of basic salary.

3) Interest credited to the recognized provident fund at 11.5% is Rs. 23,000.

4) Company's contribution to the recognized provident fund 12%.

5) Medical expenses paid by the employer Rs. 36,000.

6) Professional tax (50% of this is paid by the employer) Rs. 4,000.

7) Education allowance (his three children are studying) Rs. 900 per month.

8) Hostel allowance (his two children are staying in the hostel) Rs. 1,500 per month.

9) Gift voucher given by the employer on his birthday Rs. 10,000.

10) Life insurance premium paid by the employer to Ravi Rs. 26,000.

(11) Actual cost of laptop given by the employer for personal use Rs. 45,000. (The taxpayer's children are also using the laptop at home)

(12) The employer has provided a motor car (including driver's facilities) with an engine of 1.8 cubic capacities. This car is used partly for business and partly for personal purposes. All the expenses in this regard are borne by the employer.

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