Q1.) Soln (i) Interest on R.P.F Excess of 9.5% Interest 12000 — 2500

ii) Excess of employer contribution to R.P.F of 12% of Salary

$15000 \times 12 = 180,000 \times \frac{3}{100}$ — 5400

Taxable Annual Salary — 7900

Note:- ₹ 12000 − $\left(180000 \times \frac{9.5}{100}\right)$ = ₹ 2500

Q2 Soln (a) The Amount which ever is lower Exempted for tax

i) House Rent Allowance received 5000 x 12 — 60,000

ii) Excess Rent paid over 10% of Salary

Rent paid 4000 x 12 — 48000

Less: 10% Salary 3,84,000 — 38,400 — 960

iii) 40% of Salary

$3,84,000 \times \frac{40}{100}$ = 1,53,600

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Basic pay
Basic Salary 20000 X 12 — 240,000
Dearness pay — 24,000
Commission — 120,000

384,000

Exempt 9,600
Taxable 60,000 – 9,600 = 50,400

b) The amount which ever is lower is exempt for tax.

i) House Rent Allowance Received 5000 X 12 — 60,000
ii) Excess Rent paid over 10% of Salary
Rent paid 7000 X 12 = 84000
Less: 10% of Salary — 36000 — 48000

iii) 40% of Salary
$360,000 \times \frac{40}{100} = 144000$ — 144000

Exempt : 4,80,000
Taxable 60,000 – 48,000
= 12000.

c) The amount which ever is lower is exempted for Tax

i) House Rent Allowance Received 20,000 X 12 = 24000
ii) Excess of rent paid over 10% of Salary
Rent paid 5000 X 12. 80,000

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Less:- 50% of Salary. 24000 36000

iii) 50% of Salary
240,000 x $\frac{50}{100}$ 1,20,000

Exempt 24000
Taxable - Nil.

Q3 Soln (1) X Ltd
Basic Salary 3000 x 6 = 18000
Dearness pay 250 x 6 = 1500

The Amount which ever is lower of is exempt for tax.
i) House Rent Allowance Received 1000 x 6 = 6000
ii) Excess Rent paid over 10% of Salary
Rent paid 3000 x 6 = 18000
Less. 10% of Salary 19500 x $\frac{10}{100}$ 1950 16050

iii) 40% of Salary
19500 x $\frac{40}{100}$ = 7800

W. Note
B.P = Salary + D.P
= 18000 + 1500
= 19500

Exempt 6000
Taxable 6000 - 6000 Nil

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ii) Y L.t.d

Basic pay $4000 \times 4 =$ 16000

Dearness pay $16000 \times \frac{25}{100} =$ 4000

Commission;

$10000 \times \frac{5}{100} =$ 5000

The Amount which ever is lower is exempt for tax.

i) H.R.A received 2500×4 10,000

ii) Excess Rent paid over 10% of Salary

Rent paid $3000 \times 4 = 12000$

Less: 10% of Salary. ~~2100~~ 2500 9500

iii) 40% of Salary

$25000 \times \frac{40}{100} =$ 8400

Exempt 9500

Taxable $10,000 - \cancel{9500}$ 8400 $=$ ~~500~~ 1600

iii) Z L.t.d

Basic pay $8000 \times 2 =$ 16000

D.A 1000×2 2000

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Q4 Soln Computation of Taxable Amount of H.R.A

The Amount which ever is lower is exem-pt for tax

i) H. R. A Received 1,50,000

ii) Excess Rent paid over 10% of Salary

Rent paid 1,80,000

Less: 10% of Salary 40,000 1,40,000

iii) 40% of Salary

$400000 \times \frac{40}{100} = 1,60,000$ 1,60,000

Exempt 1,40,000

Taxable 1,50,000 − 1,40,000

= 10,000 Ans

Working Note

B: Salary + D.P

2,00,000 + 2,00,000 = 400000

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Q5 Soln

Computation of Income from Salary
For the Assessment year 2019-20

	₹ Amount	₹ Amount
Gross Salary		3,00,000
i) Medical expenditure directly paid by the employer to prive medical practitioner		25,000
ii)		
iii) Medical expenditure directly paid by the employer to approval hospital	Exempt	~~Exempt~~
iv) Reimburement of medical expenses incurred by the employee in an approved hospital.	Exempt	
v) Expenditure on travelling abroad Not exempt as his G.T.I exceeds ₹ 2,00,000		1,50,000
vi) Expenditure on Stay and treatment abroad	2,50,000	
Less:- Exempt to the extent permitted by R.B.I	1,00,000	1,50,000
		6,25,000
Less:- Standard deduction		40,000
Income from salary		5,85,000

6 Sol:

Computation of Taxable Salary

	₹ Amount	₹ Amount
Salary		5,00,000
Dearness Allowance		20,000
C.C.A		2,400
Medical Allowance		1,200
House Rent Allowance (120,000 − 100000)		20,000
Gross Salary		543600

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Less: Standard Deduction	40,000	40,000
Taxable Salary		5,03,000

The Amount whichever is lower is exempt for tax.

i) H. R. A received 1,20,000
ii) Excess of Rent paid over 10% of Salary
Rent paid 150,000
Less: 10% of Salary 50,000 1,00,000
iii) 50% of Salary
$500000 \times \frac{50}{100}$ = 2,50,000

Exempt 100000
Taxable 120,000 − 100,000
= 20,000.

Q7 Soln Computation of Taxable Salary
For the Assessment year 2019-20

	Amount	Amount
Salary 15000 × 12		1,80,000
Dearness pay		30,000
Running Allowance		
₹ 16500 · (₹ 16500 − 70% of ₹ 16,500 or ₹ 10,000 p.m whichever is less)		4950
Education allowance		2400
Hostel allowance		2400
C. C. A (250 × 12)		3000
Uniform Allowance	Exempt	

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House Rent Allowance		15000
Gross Salary		2,67,750
Less:- Standard Deduction	40,000	40,000
Taxable Salary		2,27,750

Working Note

1.) Education Allowance

200 X 12 X 2 = 4800

100 X 12 X 2 = 2400

2400

2.) The amount whichever is lower, is exempt for tax

i) H.R.A received 2500 X 12 — 30,000

ii) Excess Rent paid over 10% of Salary

Rent paid 3000 X 12 = 36000

10% of Salary 21000 — 15000

iii) 40% of Salary

$210000 \times \frac{40}{100}$ = 84000 — 84000

Exempt 15000

Taxable 30,000 − 15000

= 15000

Salary. Basic pay

Salary 1,80,000

D.P 30,000

2,10,000

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Q8 Soln Determine of Taxable Value of Allowance

	₹ Amount	₹ Amount
1.) Dearness Allowance		1,80,000
2.) Personal Expenses Allowance	6,00,000	
Less:- Exempt 70% of allowance or ₹10,000 p.m whichever is less)	1,20,000	4,80,000
3.) Conveyance allowance	12,000	
Less :- Amount spent for employment purpose	9000	3000
4.) Education allowance	7200	
Less:- Exempt ₹100 p.m per child upto a maximum of two child (~~7200 - 2400~~)	2400	4800
Taxable Allowance		6,67,800

Q9 Determine the taxable value of rent free Flat

	₹ Amt	₹ Amt
Basic pay		3,40,000
Commission		24000
Bonus		10,000
Uniform Allowance (6000 - 3600)		2400
Transport Allowance		22800
		3,99,200

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a) Where the population is more than 25 lakh
Value of Rent free Flat = 15 % of Salary
= 15 % of 3,99,200
= ₹59,880.

b) Where the population is more than 10 lakh but not exceeding 25 lakh :-
Value of rent free flat = 10 % of Salary
= 10 % of ₹ 3,99,200
= ₹39,920

c) Where the population does not exceed 10 lakh
Value of rent free flat = 7.5 % of Salary
= 7.5 % of ₹3,99,200
= ₹29,940.

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Q. 13 Ans. Computation of Taxable Salary from Mr. R. for the Assessment year 2019-20

	₹ Amount	₹ Amount
a) Recognized provident Fund :-		
i) Salary		4,80,000
ii) Dearness pay		48,000
iii) Employer's contribution to P.F in excess of 12% of her Salary including DP		15,840
iv) Interest on P.F in excess of the precribed rate ie 9.5% $\left(72000 \times \frac{2.5}{12}\right)$		15000
Gross Salary		5,58,840
Less (i) Standard Deduction	40,000	
ii) Professional Tax	2000	42000
Taxable Salary		5,16,840
b) Unrecognized Provident fund		
Salary		4,80,000

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Dearness pay		
Employer's contribution and interest		48,000
		Nil
Gross Salary		5,28,000
Less : (i) Standard Deduction	40,000	
ii) Professional Tax	2,000	42000
Taxable Salary		4,86,000

Q14) Soln

The amount of deduction from entertainment allowance will be the least of the following

i) Entertainment Allowance received 5000x12 60,000

ii) 20% of Salary $600000 \times \cancel{20}\frac{20}{100} = 120000$

iii) Maximum limit 5000

Exempt 5000 Ans.

Q15 Soln Computation of Gross Salary
For the Assessment Year 2019-20

	₹ Amount	₹ Amount
Basic Salary @ 12,000 p.m for 5 months		60,000
Basic Salary @ 10,000 p.m. for 7 months		70,000

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Dearness allowance at ₹ 1000 p.m for 5 months		5,000
Dearness allowance at ₹ 700 p.m for 7 months		4,900
compesation Furniture (10,000 - 2000 - 3000)		5000
Rent facilities for H.P		9750
Gross Salary		1,74,650
Less :- Standard Deduction	40,000	40,000
Taxable Salary		1,34,650

i) Value of Rent facilities

15 % of Salary

$$65000 \times \frac{15}{100} = 9750$$

Rent paid $5000 \times 12 = 60,000$

ii) Furniture 2016 - 10,000

(Less) - Depⁿ 10% 1000

9000

Less :- Depⁿ 10% 1000

8000

Sales 3000

5000

Q17) Computation of Taxable Salary for Mr. Ram
(For the Assessment Year 2019-20)

	₹ Amount	₹ Amount
Salary 40,000 X 12		4,80,000
Dearness pay 10% of Salary		48000
Entertainment Allowance 1000 X 12		12000
Value of Rent free house 15% of		81000
Car Salary (900X12)	10800	
+ Driver (900X12)	10800	21600
Gross Salary		642600
Less:- Standard Deduction	40,000	40,000
Taxable Salary		6,02,600

i) Dearness pay is included in Salary for the purpose of calculating Value of rent free house However, D.A is not part of Salary unless it is paid under the terms of employment.

ii) Value of Rent free house has been determined as under :-
15% of Salary of ₹ 5,40,000 (4,80,000 (B.P) + 48000 (DA) + 12000 (E.A))

(Q19)-Soln Computation of Salary Income of Mr 'B'
(For the Assessment year 2019-20)

	₹ Amount	₹ Amount
Basic Salary 40,000 X12 (17000)		4,80,000 (204000)
Dearness Allowance		48000
Bonus		20,000
Commission		15,000
Entertainment Allowance 3000 X12		36000
Gross Salary		323000
Less:- Standard Deduction	40,000	40,000
Taxable Salary		2,83,000

Q20) Computation of Income from Salary
(For the Assessment Year 2019-20)

	₹ Amount	₹ Amount
Basic Salary (2,40000 + 20,000)		260,000
Interest credited to R.P.F at 9.5%	Exempt	
House Rent Allowance		10400
Unit linked Insurance plan		2000
Gross Salary		2,72,40
Less:- Standard Deduction	40,000	40,000
Taxable Salary		2,32,40

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Working Note:-
The amount whichever is lower is exempted for tax:-

i) H.R.A received 14,4,00
ii) Excess of Rent paid over 10% of Salary
Rent paid 30,000
Less:- 10% of Salary 26,000 4000

iii) 40% of Salary
$260,000 \times \frac{40}{100}$ = 104000

Exempt 4000
Taxable 14400 − 4000 = 10400

Q21) Computation of Taxable income from Salary Mr. K
(For the Assessment year 2019-20)

	₹ Amount	₹ Amount
Basic Salary contribution (270,000 + 30,000)		3,00,000
Employee contribution to Excess of R.P.F @ 9.5%	Exempt	
Travelling Allowance	Exempt	
City compensatory Allowance		10,000
Bonus		15,000
Entertainment Allowance		5000
Value of Rent free house facilities		42,300
Gas & Electricity		6000
Small Car (600 X 12)		7200

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Gross Salary	40,000	40,000
Taxable Salary		3,45,500

Working Note
computation of concession in rent
15% of ₹ 3,00,000 + 10,000 + 15,000 + 5000 = ₹ 49500
Less:- Rent paid 7200
42,300

Q 22/2019 computation of Income from Salary
(For the Assessment Year 2019-20)

	₹ Amount	₹ Amount
Basic Salary 11000 x 12		1,32,000
Entertainment Allowance 500 x 12		6,000
Value of car 900 x 12		10,800
Transport facility		7,200
Bonus 11000 x 2		22,000
Value of Rent free house facility		10800
Gross Salary		1,88,800
Less:- Standard Deduction		~~40,000~~ 40,000
Income from Salary		1,48,800

Working Note

i) calculation of Value of Rent free house facility

Rent paid = 5400
15 % of Salary 24000 (160,000 X 15/100) — 24000

ii) Amount paid by employee
10 % of Salary 13200

10800

Q23 Soln Computation of Income from Salary
(For the Assessment year 2019-20)

	Amount ₹	Amount ₹
Basic Salary 60,000X12		7,20,000
commission 10,000 X 1/100		10,000
Dearness Allowance (10,000 X12)		1,20,000
Bonus		32,000
House Rent Allowance (120,000 - 83000)		37000
Entertainment Allowance 1000 X12		12000
Income Tax paid by the employer	Exempt	
Free Gas, electricity & Water		50,000
Employee contribution to R.P.F excess of 12 % of Salary 850,000 X 2.5/100		21250
		10,02,250

Gross Salary

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Less :- Standard Deduction.	40,000	40,0..
Taxable income from Salary		9,62,..

Working Note
The amount whichever is lower is ex-emp for tax

i) H.R.A received 10,000 X 12 1,20,000

ii) Excess of Rent paid over 10% of Salary
Rent paid 14000 X 12 = 168000 83000
(–) 10% of Salary 85000

iii) 50% of Salary
$\frac{850000 \times 50}{100}$ = 4,25,000

Salary + ~~Commission~~ D.A + ~~Bonus~~ Commission
720,000 + 1,20,000 + 10,000
= 850000

Exempt = 83000
Taxable = 1,20,000 – 83,000
= 37,000.

Q.4. 2019 Computation of Income from Salary
(For the Assessment year 2019-20)

	Amount ₹	Amount ₹
Salary 11000 x 12		1,32,000
House Rent Allowance		4,800
Dearness Allowance		1,20,000
Entertainment Allowance		28,200
Employer Contribution to R.P.F in excess of 12% of Salary		2,640
Value of free Car @ ₹ 1800 p.m		21,600
Gross Salary		3,09,840
Less:- Standard Deduction	40,000	40,000
Taxable Salary		2,69,840

Working Note:-
The amount whichever is lower is exempt for tax.

i) H.R.A received 4800 x 12 — 57,600

ii) Excess Rent paid over 10% of Salary
Rent paid 72000
10% of Salary 13200 — 58,800

iii) 40% of Salary $132000 \times \frac{40}{100}$ = 52800

Exempt 52800

Taxable. 57600 - 52800 = 4800

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Q.7 Computation of Taxable Incom from Salary For the Assessment year 2019-20

	Amount ₹	Amount ₹
Basic Salary		3,60,000
Entertainment Allowance		6000
Dearness Allowance (7000 x 12)		84,000
Gardener (300 x 12)		3600
Sweeper (300 x 12)		3600
Servant (300 x 12)		3600
Refrigerator 10 % of 5000		500
Gas, electricity, water bills		2000
Membership fee of Rotary Club		2400
Small car 1800 x 12 = 21600		
+ Driver 900 x 12 = 10 800		32400
Free education	Exempt	
Family tour		6000
Concession on Shares (250 x 100)		2500
Gross Salary		52910
Less :- Standard Deduction	40,000	40,00
Taxable Salary		4,89,.