



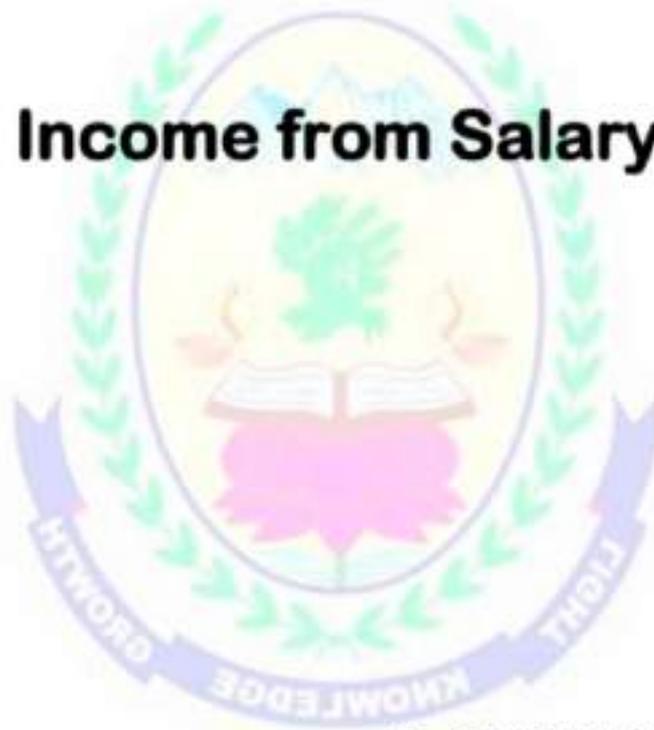
CARDAMOM PLANTERS' ASSOCIATION COLLEGE

(Re-accredited with 'B' Grade by NAAC)

Pankajam nagar, Bodinayakanur – 625 582

PG and research department of commerce

Income from Salary



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Salary
U/s-10 Any remuneration paid by the employer to his employee in consideration of his service is called Salary.

Allowance:
Payment in cash made by the employer to his employee monthly. Other than salary is called an allowance. It is a fixed sum of money paid regularly in addition to salary for the purpose of meeting from particular requirements connected with the service rendered by an employee.

Fully Exempted Allowance

- 1) Foreign Allowance
- 2) Sallowance allowance to high court and Supreme court judge
- 3) Allowance from UNO
- 4) Fortidum Allowance for bill of hotel, boarding and larking.

Fully Taxable Allowance

- 1) Dearness Allowance.
- 2) Medical Allowance.
- 3) Tiffin Allowance.
- 4) Servant Allowance.
- 5) Non-Practising Allowance.
- 6) Hill Allowance.
- 7) Vaden Allowance.
- 8) Deputation Allowance.
- 9) Own-time Allowance.

Partly Taxable or partly exempted.

House Rent Allowance

Steps:

- i) Actual HRA received
- ii) Rent paid \rightarrow 10% of Salary
- iii) 40% or 50% of Salary

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Illustration 2.

From the following information compute the exempted amount of house rent allowances of Mr. Ram who reside at Kanpur

| | I ₹ | II ₹ | III ₹ |
|--------------------------|-------|-------|--------|
| Salary per Month | 18000 | 10000 | 600 |
| H.R.A received per month | 2100 | 600 | 116.50 |
| Rent paid per month | 11500 | 1920 | 750 |

Soln I HRA

1. Actual HRA Received \rightarrow ₹ 2100
2. Rent paid \rightarrow 10% of salary \rightarrow NIL \rightarrow $1500 - 1800$
3. 40% of salary \rightarrow $18000 \times \frac{40}{100} = 7200$

Which ever is less

Actual HRA Received - 2100

Exemption - 0

Total Taxable 2100

II

1. Actual HRA Received 600

2. Rent paid - 10% of salary 700
1900 - 1200

3. 40% of Salary $12000 \times \frac{40}{100}$ 4800

which ever is less (WEL)

Actual HRA Received 600

Exemption 600

Taxable 0

III

1. Actual HRA Received 1050

2. Rent paid - 10% of salary 150

3. 40% of salary $6000 \times \frac{40}{100}$ 2400

which ever is less

Actual HRA Received 1,050

Exemption 150

Taxable 900

Appendix

1° Special compensatory Allowance of the nature of (i) Special compensatory (Hilly Areas) Allowance, (ii) High altitude allowance (iii) unwholesome climate allowance (iv) Snow Bound area allowance and (v) Avalanche Allowance. The amount of exemption differs from place to place as given as below:

I House Rent Allowance

- 1) Actual HRA Received
- 2) Rent paid - 10% of Salary
- 3) 40% or 50% of the Salary

Meaning of Salary
DA + BP + Com

* Dearness Allowance

* Basic pay

* Commission

II Entertainment Allowance: Sec 16 (ii)

The entertainment allowance exempted of following least amt of Government employees only

- 1) Actual entertainment allowance received

2. Notified limit

3. 20% of the salary



Meaning of the salary

Basic pay only.

I ₹ 800 per month

Specified places of Manipur, Arunachal Pradesh, Sikkim, Uttar Pradesh, Himachal Pradesh and Jammu and Kashmir

II ₹ 1000 per month

Specified areas of Jammu and Kashmir

III ₹ 300 per month

All places located at a height of 1,000 meter or more above the sea level, other than places specified at (I) and (II) above

2. Special compensatory Allowance in the nature of (i) Border Area Allowance, or (ii) Remote Locality Allowance, or (iii) Difficult Area Allowance, or (iv) Disturbed Area Allowance. The amount of exemption differs from place to place as given below:

(A) ₹ 1,300 per month

(i) Little Andaman, Nicobar and Narcondam islands

(ii) North and Middle Andamans

(iii) Throughout Lakshadweep and Minicoy islands

(iv) All plots on or north of certain points of the demarcation line in Arunachal Pradesh.

(v) Specified areas in Himachal Pradesh

(vi) Chimpui District of Mizoram and areas beyond 25 km from Lunglei town in Lunglei District of Mizoram.

(vii) Specified areas in Jammu & Kashmir

(viii) Specified areas of Uttar Pradesh

(ix) Throughout Sikkim State

(B) ₹1,100 per month

Eligible Installations in the Continental Shelf of India and the Exclusive Economic Zone of India.

(C) ₹1,050 per month

(i) Throughout Arunachal Pradesh other than areas covered by SI No (A) (iv) above

(ii) Throughout Nagaland

(iii) South Andaman (including Port Blair)

(iv) Throughout Lunglei District (excluding areas beyond 25 km from Lunglei town) of Mizoram.

(v) Dhanmaragon, Kailashan, Amarpuoi and Knowai in Tripura

(vi) Following areas in Jammu and Kashmir

a) Areas up to 600 m from Kamban side and areas up to 600 m from Kauri side in Tehsil Mohara of

udhampur district

b) Matuhul in Baramulla District
(vii) Specified Areas in Himachal Pradesh

d) ₹ 750 per month

(i) Throughout Aizawl District of Mizoram.

(ii) Throughout Tripura except for areas at SI. No (c) above.

(iii) Throughout Manipur

(iv) Specified areas of Himachal Pradesh
Jammu and Kashmir

e) ₹ 300 per month

Jog Falls in Shimoga district of Karnataka

f) ₹ 200 per month

i) Throughout Himachal Pradesh except provided in above.

ii) Throughout Assam and Meghalaya

3. Special Compensatory (Tribal Areas / Scheduled Areas / Agency Areas) Allowance:

The exemption is available @ ₹ 200 per month in the following States:

Madhya Pradesh, Tamil Nadu, Uttar Pradesh, Karnataka, Tripura, Assam, West Bengal, Bihar and Orissa.

4. Any allowance granted to an employee working in any transport system: Any allowance granted to an employee working in any transport system to meet

this personal expenses during this duty performed in the course of running of per month whichever is less provided that no daily allowance is received.

[u.e.f. 1.9.2008 vide Notification

NO. 815/2010 [F.NO. 149/45/2010-S
(TPL)] Dated 22.11.2010]

5. Children Education Allowance is exempt in the whole of India @ ₹ 100 per month per child up to a maximum of two children.

6. Children Hostel Allowance: Any allowance granted to an employee to meet the hostel expenses on his child is exempt in the whole of India @ ₹ 300 per month per child up to a maximum of two children.

7. Compensatory Field Area Allowance: In specified areas of Arunachal Pradesh, Sikkim, Himachal Pradesh, Uttara Pradesh, Jammu and Kashmir, and throughout Manipur and Nagaland, it is exempt upto ₹ 2,600 per month.

8. Compensatory Modified Field Area Allowance: In specified areas of Punjab, Rajasthan, Haryana, Himachal Pradesh, Arunachal Pradesh, Sikkim, West Bengal

Uttrakhand, Jammu and Kashmir, it is exempt up to ₹ 1,000 per month.

9. Army special allowance in the nature of counter - insurgency allowance granted to the members of armed forces operating in areas away from their permanent location : In the whole of India, it is exempt up to ₹ 3,900 per month.

10. Transport Allowance : If the employee is blind or deaf and dumb or orthopedically handicapped with disability of lower extremities, it is exempt up to ₹ 3000 P.m.

11. Underground Allowance : It is granted to an employee who is working in underground, unnatural climate in underground mines, In the whole of India, it is exempt up to ₹ 800 P.m.

12. High altitude (unnatural climate) allowance granted to the members of the armed forces operating in high altitude areas

a) for altitude of 9000 to 15000 feet, it is exempt up to ₹ 1,000 P.m.

b) for altitude above 15,000 feet, it is exempt up to ₹ 1600 P.m.

13. Special compensatory highly active field area allowance granted to the members of the armed forces : In the whole of India, it is exempt up to ₹ 4,200 P.m.