



DEEPAK GUPTA CLASSES

98104 88450, 9899221902

TEST SERIES 2 – SALARY

Q1. Mr. X is employed with a transport firm. His remuneration is follows: 15 Marks

- 1) Salary of Rs. 8,000 p.m. since 01.01.2008,
- 2) Dearness allowance @ 10% forming part of salary,
- 3) House Rent Allowance @ Rs. 1,200 p.m. for paying rent of Rs.2,000 per month,
- 4) Contribution to RPF is 10% of salary and the employer contributes @ 20%,
- 5) The employer also paid his club bills amounting to Rs.9,000,
- 6) Transport allowance was Rs. 400 per month,
- 7) He owns a car (1.8 litres) which he uses both for personal and official purposes. The running and maintenance expenses of Rs.36,000 are met by the employer,
- 8) He retires on 01.01.2009 after 28 years and 9 months. He gets Rs.80,000 as accumulated balance from the provident fund which includes Rs.15,000 as his contribution and Rs.11,000 interest thereon. The employer contribution is Rs. 30,000 and interest Rs.24,000.
- 9) Gratuity received was Rs.160,000. He is not covered by Gratuity Act.
- 10) Leave encashment for the un-availed leave of 900 days was Rs.264,000. He was entitled to 45 days leave for each completed year of service.
- 11) After retirement he gets pension Rs. 3,000 p.m. and on 01.03.2009 he surrenders one half pension for a consolidated amount of Rs.120,000.

He has made the following investments/payments during the previous year,

- a) Life insurance premium amounting to Rs.2,000 on the policy taken on the life of his married son.
- b) Public Provident Fund deposit Rs.3,000.
- c) Refund of Rs.30,000 to the Life Insurance Corporation of India on account of loan taken for the purchase of a flat.
- d) Purchase of NSC VII amounting to Rs.3,000.
- e) Contribution of Rs.5,000 under the Jeevan dhara scheme of LIC.
- f) Contribution towards UTI MEP 2003 Rs.14,000.



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- g) Investment in notified bonds of Infrastructure companies Rs.50,000.

Compute his taxable income and tax liability for the Assessment year 2009-2010.

Q2. X was employed from 01.08.2004 in the grade of Rs.15000-400-17000-500-22000 and his salary was fixed at Rs.16,200 from the date of joining. What will be his gross salary for the A.Y. 2009-2010. 3 Marks

Q3. Mr. KK ,a resident individual retires from C Ltd. Delhi on 1st February, 2009 after 25 years of service. He joined T Ltd. On the same day i.e. 01.02.2009. The information is provided by him about his incomes for the previous year 2008-2009: 12 Marks

Salary for the period 01.04.2008 to 31.01.2009 (C Ltd.)

- | | |
|--|-------------|
| a) Basic Salary | 10,000 p.m. |
| b) Dearness Allowance (50% used for gratuity) | 2,000 p.m. |
| c) Commission @ 5% on turnover achieved by him | 5,000 p.m. |
| d) House accommodation, rent paid by company | 4,000 p.m. |
| e) Best suggestion award for total quality mgmt. Scheme | 10,000 |
| f) Cost of lunch during office hours provided by company | 500 p.m. |
| g) Gratuity, covered under payment of Gratuity Act, 1972 | 325,000 |
| h) Pension | 3,000 p.m. |
| i) Commuted value of one third pension w.e.f. 01.02.2008 Rs.150,000. | |
| j) Refund of employer contribution from unrecognized PF including interest of Rs.100,000 | 250,000 |
| k) Refund of employee contribution from unrecognized PF including interest of Rs.100,000 | 250,000 |

Salary for the period from 01.02.2009 to 31.03.2009:

- | | |
|-------------------------------------|------------|
| a) Salary | 6,000 p.m. |
| b) House Rent Allowance | 1,000 p.m. |
| c) Free use of motor car (>1.6 lit) | |
| d) Rent paid by the assessee | 1,500 p.m. |

Calculate his Total Income for the A.Y. 2009-2010.



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