

INCOME FROM SALARY(RETIREMENT)XV

(Pension and commuted Pension)

EXAMPLE: 1.

Shree Pradeep retired from Jaipure Spinning Mills on 1st January,2019. At the time of retirement he was getting a salary of Rs. 28,800 p.m. His pension was Sanctioned for Rs.7,200 p.m. He got $\frac{3}{4}$ th of this pension commuted and commuted value received by him was Rs.1,62,000. Compute tax-free amount of commuted pension.

SOLUTION:

Computation of Tax-free amount of commuted pension.

Total Pension= $1,62,000 \times \frac{4}{3} = 2,16,000$.

Shree Pradeep does not get gratuity , hence exempted part of his pension shall be= $2,16,000 \times \frac{1}{2} = 1,08,000$.

And Taxable part of pension= $1,62,000 - 1,08,000$
= Rs.54,000.

EXAMPLE:2.

Mr. Gaurave got retirement P.Ltd on 31st Aug.2018. He got a pension@ Rs.3,000 p.m. upto 31st Dec.2018. He got Rs. 2,50,000 on 1st Jan.2019 ,as commuted value of his 70% pension. Calculate taxable amount of pension if he does not receive gratuity at the time of retirement.

SOLUTION:

COMPUTATION OF TAXABLE AMOUNT OF PENSION

(For the Assessment year 2019-20)

Uncommuted pension:

Pension @ Rs. 3,000 p.m. for four month(from 1.09.2018 to 31.12.2018) Rs.12,000

Pension for 3 months(1.01.19 to 31. 03 2019) $3000 \times 3 \times 30/100$. Rs.2700

Commuted pension:

($2,50,000 - 2,50,000 \times 1/2 \times 100/70$)

(2,50,000 -1,78,571) Rs.71,429.

Taxable Amount of Pension.	Rs.	86,129.
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THANK YOU.