



“बेटी बचाओ, बेटी पढ़ाओ”

# JAYOTI VIDYAPEETH WOMEN'S UNIVERSITY, JAIPUR

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Department-Faculty of law And Management

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(Professor & HOD Department Commerce & Management)

Program- B. COM (Hons.)  
Sem. – IV

Subject- Direct Tax (Income Tax)  
(Assessment Year 2024-25)

Title- Income from Salary Head  
(Rules for Remuneration & Allowances under Income Tax Act)

## Meaning of Salary

According to income tax act Salary is the first head of income. A remuneration received by the employee from his employer is called Salary. Salary includes pay, wages, commission and value of perquisites and profits in lieu of salary.

## Important Rules Regarding Salary

1. Relationship of employer and employee essential.
2. Base of Tax Liability: - Incomes are taxable in assessment year, which is accrued, received or advance received income in previous year.
3. There may be more than one employer of an employee.
4. Salary differs from professional income.
5. Remuneration for Work not Connected with Employment:- Such income are not include in salary. It is taxable under the head of Income from other sources. For example remuneration received by a lecturer of a college from University in respect of examination work
6. Remuneration from other Person is not Salary: - For example; tips received bya waiter in hotel from the visitors, remuneration for evaluation of answer sheet from university etc.
7. Salary may be received after any time interval. Term of payment of salary may bedaily, weekly, monthly etc.
8. Tax-free Salaries: - It will be included in salary for example employee's tax paidby the employer.
9. Voluntary Surrender of Salary: - Such amount also included in salaries.

*Exception: If any employee salary surrendered in public interest in favor of the central govt. under the voluntary surrender of salaries act 1961 is exempted.*

10. Deduction from Salary: - It will be added in salary.
11. Previous Year:- 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024. In case of govt.

employee 1<sup>st</sup> March 2023 to 31<sup>st</sup> March 2024.

12. Assessment Year:- 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025. In case of govt. employee 1<sup>st</sup> March 2024 to 31<sup>st</sup> March. 2025.

13. Amount received at the time of retirement will be taxable under this head.

### Computation of Income from Salaries

Income from salary is calculated as follows:

#### Statement of Taxable Income from Salary for the Assessment year 2024-2025.

- (1) Monetary Salary  
(Basic Salary + Allowance + Bonus + Commission etc.)
  - (2) Non Monetary Salary or Perquisites
  - (3) Profits in Lieu of Salary (Compensation, Gratuity, etc.)
- Gross Salary**

Less : Deductions U/S 16

- (1) Standard Deductions 16 (ia)
- (2) Entertainment Allowance 16(ii)
- (3) Professional / Employment Tax 16(iii)

**Taxable Income from Salary**

Income from salaries can be divided by the following three parts:

I. Salary.

II. Profits in lieu of salary.

III. Perquisites.

### I- Salary

The following incomes are included in salary according to income tax act.

**Basic Salary:** - Basic salary includes *accrued salary*, which is related for the previous year, *advance salary* which is related for the assessment year and *arrears of salary* which is related before the previous year and not taxed until.

Pay Scale: - 22000-1000-24000-2000

First year	-	22000
Second year	-	23000
Third year	-	24000
Fourth year	-	26000
Fifth year	-	28000

Note: - If advance loan received by the employer, it will not included in salary. If deductions will be made from salary then it will be added in salary.

**Bonus, Commission and Fees and Allowances etc.:** - Bonus, Commission and fees received by employer are also a part of Salary.