

General Provident Fund Rules

- 1. Applicability:-** The general Provident Fund Rules are applicable to those Central Government employees who have been appointed on or before 31-12-2003. However in the case of state Government of Manipur, employees these rules will be applicable to those who have been appointed on or before 31-12-2004.
- 2. Eligibility:-** Temporary government servants after continuous service of one year and permanent Government servants shall subscribe to GPF compulsorily. However temporary government servants may subscribe to G.P.F. even before completion of one year's service [Rule 4]
- 3. Amount of subscription:-** A sum as fixed by the subscriber, subject to a minimum of 6% of emoluments and not more than his total emoluments. However in the case of State Government of Manipur, the minimum of 10% of emoluments but not more than his emoluments. Minimum subscription should be fixed with reference to the emolument on 31st March of the preceding year and in the case of new subscriber to the emolument on the date of joining the fund.
- 4. Application from Government servant:-** No application from the government servants are necessary in case of compulsory subscription but applications are necessary in case of temporary employees including probationers and apprentices, if they want to contribute to the fund before completion of one year of service. The Head of Office should send a statement in duplicate to the Account Officer in charge of GPF A/C indicating the names of eligible Government employees to subscribe the GPF. The Account Officers on receipts of the statement should allot account No. and send back one copy to the Head of Office for his record
[GOI below Rule 4]
- 5. Subscription to GPF-** may be increased twice and /or reduced once at any time during the year.
[GID below Rule 8]
- 6. Subscription stoppage:-** Subscription to GP. Fund should be stopped during the period of suspension and at the option of the Government employee during leave on half pay leave, leave without pay (LWP) and dies – non. Proportionate subscription has to be recovered for the period of duty and any leave other than HPL/ EOL.

[Rule 7 & GID below thereunder]

7. Subscription to GPF should be stopped three month before retirement on superannuation. It means that no subscription should be recovered during the last three month s of his service. This provision is mandatory and neither the subscriber not the Head of Office has got any option to recover the subscription during this period. This provision is made to facilitate the final payment in time.

[Rule 7 &GID below thereunder]

8. The interest rate chargeable is fixed by the Government from time to time. The present interest rate is 8% p.a.

9. A subscriber can nominate one or more persons conferring the right to receive his G.P.F. amount in the event of death. If more than one person is nominated the amount or share payable should be indicated clearly. The subscriber has got the right at any time to cancel his nomination by due notice and send a fresh nomination. A subscriber having a family can nominate only members of his family . Subscriber having no family can nominate any person/persons including a company/Association/Body of individuals / charitable or other Trust or Funds Subject to its validity, a nomination/notice of cancellation takes effect from the date of its receipt by the Accounts Officer. A nomination submitted to the Head of Office is valid even if the subscriber dies before it reaches the Accounts Officer.

[Rule 5]

10. In regards to G.P.F. , the family means /includes wife/wives except judicially separated wife, husband (unless expressly excluded), parents , a paternal grant parent when no parent when no parent is alive, children including adopted children, minor brothers, unmarried sister and deceased son's widow and children.

11. Temporary advance – Temporary advance from G.P. Fund may be allowed once in every six months in different purposes for such advance.

12. Amount of advance – Amount of advance permissible is -

- i) Normal – 3 months pay or half the amount at credit, whichever is less and recoverable in not more than 24 months of equal instalments.
- ii) Special – No limit, Advance is recoverable in not more than 36 monthly installments if it exceeds 3 month's pay.

13. Consolidation of advance – When an advance is granted before complete repayment of an earlier advance, the outstanding balance will

be added to the new advance and installments for recovery refixed with reference to the consolidated amount.

14. After retirement/death resignation:- The GPF balance become payable on the very next day of retirement or death or resignation. Interest in such case, should be calculated on the balance upto the month preceding that in which payment is made or upto one month “after the month” in which it becomes payable whichever is less.

The amount so accumulated in the fund together with interest as calculated is finally paid:-

- (i) After retirement;
- (ii) on resignation/removes/dismissal;
- (iii) after death while in service;
- (iv) On permanent transfer to an organization where the balance cannot be transferred.

15. Sanctioning Authority – In normal advance, the authority competent to sanction advance of pay on transfer is the sanctioning Authority. If the applicant himself is the authority then the next higher administrative authority.

In special advance, the sanctioning authority as prescribed in fifth Schedule i.e. Head of Department.

16. Recovery of advance:-Recovery should commence with the issue of pay for the month following the one in which the advance was drawn. However, recovery during suspension should not be made except with the consent of the subscriber from the subsistence grant. When advance of pay is being recovered from the subsistence grant, recovery of advance may be postponed on subscriber’s written request.

17. It is the general practice in many offices to commence the recovery of the consolidated advance from the month in which it is paid which is not the correct procedure. This goes against rule 13 (1). The exact procedure has been clarified vide GID below rule 12. *ibid*

Example :- An advance of Rs. 10,000 was paid on 15.3.2005 which was to be recovered in 20 equal monthly installment of Rs. 500 each. Further advance of Rs. 15,000 was also sanctioned and paid on 30-1-2006. The consolidated amount of advance has to be recovered in 20 monthly

PRACTICAL QUESTIONS

Interest calculation on G.P.F. Account

Q. No. 1. From the following particulars you are required to calculate interest on G.P.F . Account and close the account for the year 2008-09.

- | | |
|-----------------------------------|------------|
| 1. Opening balance as on 1-4-2008 | Rs. 51,000 |
| 2. Monthly Subscription | Rs. 500 |
| 3. Rate of interest | 8% p.a. |

Interest Calculation statement on GPF for the year 2008-09.

Solution :-

- | | |
|-----------------------------------|------------|
| 1. opening balance as on 1-4-2008 | Rs. 51,000 |
| 2. Rate of Interest | 8% p.a. |

Month	Subscription	Refund/recovery	Withdrawal	I.B.B
4/2008	500	--	--	51,500
5/2008	500	--	--	52,000
6/2008	500	--	--	52,500
7/2008	500	--	--	53,000
8/2008	500	--	--	53,500
9/2008	500	--	--	54,000
10/2008	500	--	--	54,500
11/2008	500	--	--	55,000
12/2008	500	--	--	55,500
1/2009	500	--	--	56,000
2/2009	500	--	--	56,500
3/2009	500	--	--	57,000
Total Rs.	6000	--	--	Rs. 6,51,000

∴ By formula, we have

$$\text{Interest} = \text{IBB} \times \frac{1}{12} \times \frac{r}{12} = 6,551,000 \times \frac{1}{12} \times \frac{8}{100} = \text{Rs. 4340}$$

Annual statement for 2008-09

1. opening balance on 1.4.2008	Rs. 51,000
2. subscription /Deposit during 2008-09	Rs. 6000
3. Recovery /refund 2008-09	Nil
4. interest for the year 2008-09	Rs. 4340
Total Rs. 61340	
5. withdrawal during 2008-09	Nil
Closing balance on 31.3.09 Rs. 61340	

Rupees sixty thousand three hundred and forty only.

Alternative method for calculation of interest under formula $(OB + \frac{P.T.}{12}) \times \frac{r}{100}$

1. Opening balance on 1-4-2008 Rs. 51000
2. Rate of Interest 8%.

Month	Subscription	Refund/recovery	Withdrawal	Progressive Total
4/2008	500	--	--	500
5/2008	500	--	--	1000
6/2008	500	--	--	1500
7/2008	500	--	--	2000
8/2008	500	--	--	2500
9/2008	500	--	--	3000
10/2008	500	--	--	3500
11/2008	500	--	--	4000
12/2008	500	--	--	4500
1/2009	500	--	--	5000
2/2009	500	--	--	5500
3/2009	500	--	--	6000
Total Rs.	6000	--	--	Rs. 39,000

∴ By formula, we have

$$\text{Interest} = \left(OB + \frac{P.T.}{12} \right) \times \frac{r}{100} = \left(51000 + \frac{39000}{12} \right) \times \frac{8}{100} = \frac{651000}{12} \times \frac{8}{100} = \text{Rs. 4340}$$

Annual statement - Same as above.

Q. No. 2. Calculate Interest on GP Fund of Mr. Dinesh for the year 2008-09 and close the account for the year 2008-09 from the following data.

- (a) opening balance as on 1-4-2008 Rs. 1,62,500
 (b) Subscription to GP Fund @ Rs. 15,00p.m.
 (c) Took an advance from GP Fund for Rs. 40,000 on 15.3.2008 recoverable In 20 equal monthly instalment of Rs. 2000 each.
 (d) A part final withdrawal of Rs. 60,000 was sanctioned and paid on 17.8.2008.
 (e) Rate of interest 8%p.a.

Interest calculation statement for 2008-09 in respect of Mr. Dinesh.

Solution:-

1. opening balance as on 1.4.2008 Rs. 1,62,500
 2. Rate of interest 8% p.a.

Month	Subscription	Refund/recovery	Withdrawal	I.B.B
4/2008	1,500	--	--	1,64,000
5/2008	1,500	2000 (¹ / ₂₀)	--	1,67,500
6/2008	1,500	2000 (² / ₂₀)	--	1,71,000
7/2008	1,500	2000 (³ / ₂₀)	--	1,74,500
8/2008	1,500	2000 (⁴ / ₂₀)	60,000	1,18,000
9/2008	1,500	2000 (⁵ / ₂₀)	--	1,21,500
10/2008	1,500	2000 (⁶ / ₂₀)	--	1,25,000
11/2008	1,500	2000 (⁷ / ₂₀)	--	1,28,500
12/2008	1,500	2000 (⁸ / ₂₀)	--	1,32,000
1/2009	1,500	2000 (⁹ / ₂₀)	--	1,35,500
2/2009	1,500	2000 (¹⁰ / ₂₀)	--	1,39,000
3/2009	1,500	2000 (¹¹ / ₂₀)	--	1,42,500

Total Rs.	18,000	22,000	60,000	Rs. 17,19,000
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∴ By formula, we have

$$\text{Interest} = \text{IBB} \times \frac{1}{12} \times \frac{r}{100} = \text{Rs. } 17,19,000 \times \frac{1}{12} \times \frac{8}{100} = \text{Rs. } 11,460$$

Annual Statement for the year 2008-09

1.	Opening balance as on 1-4-2008	- Rs. 1,62,500
2.	Subscription/deposit during 2008-09	- Rs. 18,000
3.	Recovery/refund during 2008-09	- Rs. 22,000
4.	Interest for the year 2008-09	<u>- Rs. 11,460</u>
		Total =Rs. 2,13,960
5.	Withdrawal during 2008-09	<u>(-) 60,000</u>
	Closing balance as on 31.3.2009	= Rs. 1,53,960
	(Rupees one lakh fifty three thousand nine hundred and sixty)only.	

Q.No. 3. From the following particulars, Calculate amount of interest on G.P.Fund A/c and close the account for the year 2008-09.

- (a) Opening balance as on
1-4-2008 Rs. 1,08,400
- (b) Subscription to
G.P.Fund @ Rs. 1500 p.m.
- (c) Took an advance of
Rs. 40,000 in the month of May, 2008 recoverable in 20 equal monthly
instalment.
- (d) Raised his subscription
from Rs. 1500 to Rs. 2000 from the pay bill for the month of July, 2008.

(e) Sanctioned and paid a part final withdrawal for Rs. 50,000 in the month of Dec.,2008 without linking any purpose.

(f) Rate of interest 8%
p.a.

Interest Calculation Statement for 2008-09

Solution:-

1. Opening balance as on
1-4-2008 Rs. 1,08,400
2. Rate of interest 8%
p.a.

Month	Subscription	Refund/recovery	Withdrawal	I.B.B
4/2008	1,500	--	--	1,09,900
5/2008	1,500	--	40,000	71,400
6/2008	1,500	--	--	72,900
7/2008	1,500	2000 (¹ / ₂₀)	--	76,400
8/2008	2,000	2000 (² / ₂₀)	--	80,400
9/2008	2,000	2000 (³ / ₂₀)	--	84,400
10/2008	2,000	2000 (⁴ / ₂₀)	--	88,400
11/2008	2,000	2000 (⁵ / ₂₀)	--	92,400
12/2008	2,000	2000 (⁶ / ₂₀)	50,000	46,400
1/2009	2,000	2000 (⁷ / ₂₀)	--	50,400
2/2009	2,000	2000 (⁸ / ₂₀)	--	54,400
3/2009	2,000	2000 (⁹ / ₂₀)	--	58,400
Total Rs.	22,000	18,000	90,000	Rs. 8,85,800

∴ By formula we have

$$\text{Interest} = \text{IBB} \times \frac{1}{12} \times \frac{r}{100} = 8,85,800 \times \frac{1}{12} \times \frac{8}{100} = \text{Rs. 5,905.33}$$

rounded off to Rs. 5,905

Annual Statement for the year 2008-09

1.	Opening balance as on 1.4.2008	= Rs. 1,08,400
2.	Subscription/deposit during 2008-09	= Rs. 22,000
3.	Recovery/refund during 2008-09	= Rs. 18,000
4.	<u>Interest for the year</u> 2008-09	= Rs. 5,905
	Total	= Rs. 1,54,305
5.	Withdrawal during the year 2008-09	(-) 90,000
	<u>Closing balance as on 31.3.2009</u>	= Rs. 64,305

(Rupees sixty four thousand three hundred and five)only.

Q.No.4. From the following particulars, Calculate the interest of G.P. Fund Account and close the Accounts for the year 2008-09.

- (a) Closing balance as on
31.3.2008 = Rs. 1,20,000
- (b) Monthly contribution
toward G.P.F. = Rs. 200
- (c) Took a temporary
advance of Rs. 40,000 in the month of November 2007, recoverable in
20 equal monthly instalment of Rs. 2000 each.
- (d) Rate of interest 8%
p.a.
- (e) The Government
officer has to retire on 31.3.2009 on attaining the age of superannuation.

Rupees one lakh Sixty one thousand two hundred & sixty seven only.

NOTE:- An officer due, to retire on superannuation shall be exempt from making any subscription to GPF during the last 3 (three) months of his service. This discontinues subscription is compulsory and not optional.

Q. No. 5. From the following particulars, calculate the interest on GPF Account and close the Account for the year 2008-09.

- | | |
|---|------------|
| 1. opening balance on 1-4-2008 | Rs. 51,000 |
| 2. Monthly subscription @ | Rs. 600 |
| 3. non-refundable withdrawal withdrawn in November 2008 | Rs. 20,000 |
| 4. Interest 8% p.a. | |

Interest calculation statement for 2008-09.

Solution:-

- | | |
|-----------------------------------|------------|
| 1. opening balance as on 1-4-2008 | Rs. 51,000 |
| 2. Rate of interest 8% p.a. | |

Month	Subscription	Refund/recovery	Withdrawal	I.B.B
4/2008	600	--	--	51,600
5/2008	600	--	--	52,200
6/2008	600	--	--	52,800
7/2008	600	--	--	53,400
8/2008	600	--	--	54,000
9/2008	600	--	--	54,600
10/2008	600	--	--	55,200
11/2008	600	--	20,000	35,800
12/2008	600	--	--	36,400
1/2009	600	--	--	37,000
2/2009	600	--	--	37,600
3/2009	600	--	--	38,200
Total Rs.	7,200	--	20,000	Rs. 5,58,800

∴ By formula we have

$$\text{Interest} = \text{IBB} \times \frac{1}{12} \times \frac{r}{100} = 5,58,800 \times \frac{1}{12} \times \frac{r}{100} = \text{Rs. } 3725.33$$

= Rs. 3725.33 rounded off to Rs.3,725.

Annual Statement for the year 2008-09

1. Opening balance as on 1.4.2008	Rs.	51,000
2. Subscription /deposit during 2008-09	Rs.	7,200
3. Recovery/ refund during 2008-09	Rs.	Nil
4. Interest for the year 2008-09	Rs.	3,725
		Total
	Rs.	61,925
5. <u>withdrawal during 2008-09</u>		20,000

Closing balance as on 31.3.2009 Rs. 41,925

Rupees forty one thousand nine hundred & twenty five only.

Q. No. 6. From the following particulars calculate interest on GPF

Account and close the account for the year 2008-09.

- Closing balance as on 31.3. 2008 Rs. 1,24,000
- Monthly subscription @ Rs. 800
- Took an advance of Rs. 20,000 in the month of April. 2008 recoverable in 20 equal monthly instalment of Rs. 1000 each.
- Raised the subscription rate from Rs. 800 to Rs. 1000 from the pay bill for 7/2008, paid on 31.7.2008.
- Rate of interest 8% p.a.

Interest calculation statement for 2008-09.

Solution:-

- opening balance as on 1-4-2008 Rs. 1,24,000
- Rate of interest 8% p.a.

Month	Subscription	Refund/recovery	Withdrawal	I.B.B
4/2008	800	--	20,000	1,04,800
5/2008	800	--	--	1,05,600
6/2008	800	1000 (¹ / ₂₀)	--	1,07,400
7/2008	800	1000 (² / ₂₀)	--	1,09,200
8/2008	1000	1000 (³ / ₂₀)	--	1,11,200
9/2008	1000	1000 (⁴ / ₂₀)	--	1,13,200

10/2008	1000	1000 (⁵ / ₂₀)	--	1,15,200
11/2008	1000	1000 (⁶ / ₂₀)		1,17,200
12/2008	1000	1000 (⁷ / ₂₀)	--	1,19,200
1/2009	1000	1000 (⁸ / ₂₀)	--	1,21,200
2/2009	1000	1000 (⁹ / ₂₀)	--	1,23,200
3/2009	1000	1000 (¹⁰ / ₂₀)	--	1,25,200
Total Rs.	11,200	10,000	20,000	Rs. 3,72,600

∴ By formula we have

$$\text{Interest} = \text{IBB} \times \frac{1}{12} \times \frac{r}{100} = 13,72,600 \times \frac{1}{12} \times \frac{8}{100} = \text{Rs. 9150}$$

say Rs.9,151.

Annual Statement for the year 2008-09

6. Opening balance as on 1.4.2008	Rs.	1,24,000
7. Subscription /deposit during 2008-09	Rs.	11,200
8. Recovery/ refund during 2008-09	Rs.	10,000
9. Interest for the year 2008-09	Rs.	9,151
	Total	Rs. 1,54,351
10. <u>withdrawal during 2008-09</u>		<u>20,000</u>

Closing balance as on 31.3.2009 = Rs. 1,34,351

Rupees One lakh thirty four thousand three hundred & fifty one only.

Court attachment for Debt and Maintenance

Swamy's Central Treasury Rules.

1. Attachment for debt:- when the pay of a government servant is attached by an order of a Court of Law it is the duty of the Officer receiving the attachment order to ensure that proper deduction is to be made in satisfaction of such order from the pay of the Government servant Concerned and also to keep a record of such deduction in Form T.R. 13 and the amount so deducted are remitted to the Court. But the entire salary cannot be attached.

2. Exempted allowances:- The subsistence allowance paid to a Government servant while under suspension is not liable for court attachment and any allowance forming part of the emolument of any Government Servant (Central or State) which the appropriate government may, by notification in the official Gazette, declare to be exempt from attachment. The following allowance payable to any government servant in the service of the Government shall be exempt from attachment by order of a court.
 - (i) All kinds of travelling allowances.
 - (ii) All kinds of conveyances allowance
 - (iii) All allowances granted for meeting the cost of uniforms and rations.
 - (iv) All allowances granted as compensation for higher cost of living in localities considered and notified by government to be expensive localities including Hill stations.
 - (v) All house rent allowances.
 - (vi) Dearness allowance or any other allowances granted to provide relief against increased cost of living.
 - (vii) Dearness pay, which is really a part of the dearness allowance and is treated as pay for certain specific purposes only.

- (viii) A foreign allowance on in the case of Heads of Diplomatic Missions, frais de representation assigned to officer serving in posts abroad.
- (ix) Children Education allowance whether described as such or as children educational assistance or any other manner.
- (x) All amounts paid by way of reimbursement of medical expenses.

NOTE 1:- Interim Relief is not taken as an exempted item. Hence it should be taken into account in the attachable portion.

2. Basic pay +S.I. + Spl Pay + NPA are to be remained as attachable portion salary after deducting the allowances declared as exempt from the gross emolument.

3. Attachable amount:- The attachable portion varies according to where the decree is for maintenance or for other than maintenance.

4. extent of exemption from Court attachment :-

The extent to which the pay and allowances of a Government servant are exempt from Court attachment is as follows:-

- (i) salary to the extent of the first 1000 rupees and two third of the remainder in execution of any decree other than a decree for maintenance;

Provided that where any part of such portion of salary as is liable to attachment has been under attachment, whether continuously or intermittently for a total period of 24 months such portion shall be exempt from attachment until the expiry of a further period of 12 months, and

Where such attachment has been made in execution of one and the same decree, shall, after the attachment has continued for a total period of 24 months, be finally exempt from attachment in execution of that decree.

- (ii) In execution of any decree for maintenance Salary to the extent of one-third.

5. Formulae:-

A. Other than maintenance:-
$$\text{Maximum attachable amount} = \frac{(X-Y) - 1000}{3}$$

B. Maintenance –
$$\text{Maximum attachable amount} = \frac{(X-Y) \times 2}{3}$$

where X means gross emolument earned by the Government employee.

where Y means allowances declared exempt from attachment.

NOTE :- No deduction of Court attachment should be made during suspension from the subsistence grant.

6. If an order of attachment against a government servant is received before a previous order of attachment against the same government servant has been fully complied with the recoveries shall be made by the Disbursing Officer so long as the total amount recoverable with reference to the attachment order is within the maximum limit prescribed in rule 226 of CTR Vol-I
7. if a new attachment order has the result of the total attachable amount beyond the maximum limit prescribed, the Disbursing officer shall return the new attachment order to the court concerned along with a statement showing
- (i) Particulars of the existing attachment
 - (ii) Particular of the amount withheld and paid upto date into the Court concerned.
 - (iii) amount remaining to be recovered
8. Any deduction which may have to be made on account of subscription to provident fund, taxes on income payable by the Government servant, due of Co-operative Societies and debts due to Government should be made from the non-attachable portion of the government servant's salary.

9. The amount recoverable under the attachment order should be deducted at the time of actual disbursement of pay or leave salary to the Government servant and the only net amount after deducting the recoverable amount should be paid to him. The authority whose duty it is to make the deduction is responsible for remitting the amount without undue delay to the Court concerned vide rule 228.
10. In the case of an attachment order issued by a court in India against a government servant whose pay and allowances are to be disbursed outside the local limit to which the CPC extended, the DDO of the concerned Ministry/Department in India will be responsible for drawing the amount recoverable monthly in compliance with the attachment order and remitting them to the Court concerned, unless timely intimation is received by him of the debt of the government servant or any other event necessitating the discontinuance of such payment vide rule 228.
11. in cases in which a judgment debtor does not sign the acquittance role and he intentionally allows his pay to remain undisbursed in order evade payment on account of an attachment order issued by a court of Law, the HOO may draw the pay of the judgment debtor in satisfaction of the attachment order, subject to the prescribed restriction and remit the same to the Court concerned.
12. the amount drawn under rule as mentioned in para 10 and 11 above shall be treated in te account as paid to the Government Servant concerned and the Court's order shall also be noted against the item as authority for the charge. The court's receipt for the amount shall be filed safely with the attachment register or such other suitable records as may be kept by the Drawing Officer.
13. The cost, if, any, of remittance to a court of money realized under its attachment order shall be deducted from the amount realized and the only net amount remitted to the court vide Rule 229 ibid.

Examples.

Q. No. 1. An officer was drawing pay of Rs. 8500 in the scale of pay of Rs. 7500-250-12000 from 1.2.2008. In addition, he is in receipt of Dearness pay of Rs. 4250, dearness allowance of Rs. 4463, for the first time in his service for recovery of Rs.

70,000 from his salary was received in the month of March 2008. The attachment order is not for maintenance.

You are required to calculate the amount recoverable each month and the total amount that can be recovered from the officer.

Answer

All the allowances including dearness pay, except pay, are exempt from attachment by order of the Court. Hence the amount that can be recovered from the salary of the officer in satisfaction of the decree will be made as under:

Salary for March 2008 to January 2009

	Rs.	
Emolument	8,500	
deduct first Rs. 1000	(-)1,000	
Remainder	7,500	
Deduct $\frac{2}{3}$ rd of the remainder exempted	(-) 5,000	
Amount recoverable	2500 p.m. x11	= Rs. 27,500

Salary for February 2009 to January 2010

Emolument	8,750	
deduct first Rs. 1,000	(-)1,000	
Remainder	7,750	
deduct $\frac{2}{3}$ rd of the remainder exempted	5,167	
Amount attachable	2,583 p.m. x12	= Rs. 30,996

Salary for February 2010

Emolument	9,000	
deduct first Rs. 1,000	1,000	
Remainder	8,000	
deduct $\frac{2}{3}$ rd of the remainder exempted	5,333	
Amount attachable	2,667 p.m. x11	= Rs. 2,667
Total amount recoverable in respect of the decree		=Rs.61,163

under Section 60(1) of Code of Civil Procedure, 1908, the portion of the salary which is under attachment continuously of r a total period of 24 months shall be exempt

from attachment until the expiry of a further period of 12 months. The same attachment order cannot be enforced again after the expiry of 12 months.

Through the attachment is for Rs. 70,000, the total amount that can be recovered from the salary of the Officer will be only Rs. 61,163.

OR

Alternative method.

Except pay, all other allowances including dearness pay are exempt from attachment by the order of the Court.

As such the attachable amount in satisfaction of the decree not for maintenance will be calculated as under:-

From 3/2008 to 1/2009 i.e., 11 months

$$\text{Attachable amount} = \frac{\text{Rs. } 8500 - 1000}{3} = \text{Rs } \frac{7500}{3} = \text{Rs } 2500 \text{ p.m.}$$

∴ Attachable amount for 11 months

$$\text{@ Rs } 2500 \text{ p.m. x 11 months} = \text{Rs } 27,500$$

Again from 2/09 to 1/2010 i.e., 12 months

$$\text{Attachable amount} = \frac{\text{Rs. } 8750 - 1000}{3} = \text{Rs } \frac{7750}{3} = \text{Rs } 2583 \text{ p.m.}$$

∴ Attachable amount for 12 months

$$\text{@ Rs } 2583 \text{ p.m. x 12 months} = \text{Rs } 30,996$$

Further in 2/2010 i.e., 1 month

$$\text{Attachable amount} = \frac{\text{Rs. } 9000 - 1000}{3} = \text{Rs } \frac{8000}{3} = \text{Rs } 2667 \text{ p.m.}$$

∴ Total recoverable amount in 24 months

$$= \text{Rs. } (27500 + 30,996 + 2667) = \text{Rs } 61,163$$

Under Section 60(1) of Code of Civil procedure, the portion of salary which is under attachment for a continuous period of 24 months shall be exempt from attachment until the expiry of a further period of 12 months and the same attachment

Rs. 1150 x (9/08 to 12/08)	= Rs. 4600
Rs. 2000 x 5 (1/09 to 54/09)	= Rs. 10,000
Rs. 400 (Part) x 1 (6/09)	= Rs. 400
	Rs. 15,000

NOTE:- The amount of Rs. 850 which was under attachment for a total period of 24months continuously shall be exempt from attachment until the expiry of a further period of 12monthss reckoned from 1/2008 to 12/2008 vide section 60(10 of Code of Civil procedure, 1908.

Q. No. 3. A court has ordered for attachment of Rs. 10,000 from the pay of an officer who is in receipt of the following emoluments:-

pay	Rs. 8000
Spl pay	Rs. 500
Dearness Pay	Rs. 4000
Dearness Allowances	Rs. 5640
House Rent Allowance	Rs. 900
SCA	Rs. 750
T.A.	Rs. 400

- a) You are required to calculate the amount of the first installment which is to be remitted to the Court by Money Order.
- b) In the above case, if the order of the Court is in execution of decree for maintenance what is the maximum amount that should be recovered?

Answer:-

- a) Gross emolument = Rs 8000+500+4000+5640+900+750+400= 20,190.

Allowance declared exempt = Rs. 4000+5640+900+750+400=Rs. 11,690

$$\begin{aligned} \therefore \text{Attachable amount} &= \frac{(20190-11,690)-1000}{3} \\ &= \frac{7500}{3} = \text{Rs. } 2500 \text{ p.m.} \end{aligned}$$

The first instalment required to be remitted to the Court will be the net amount after deducting the M.O. commission.

b) In the case of decree for maintenance

$$\begin{aligned}\text{Attachable amount} &= \text{Rs. } \frac{(20190-11,690) \times 2}{3} \\ &= \frac{8500 \times 2}{3} = \frac{8500 \times 2}{3} = \text{Rs. } 5666.66 \\ &\text{say Rs. } 5667 \text{ p.m.}\end{aligned}$$

Q. No. 4. A Court attachment order for Rs. 9000 is received against an official, Particulars of whose pay, deduction etc are furnished below. State the amount you will recover –

- (i) against the Court attachment
- (ii) against the Government dues; and
- (iii) the net amount he will be paid

1. Pay Rs. 3800 p.m. HRA Rs. 285, DA Rs. 1748. He received payment of Rs 2000 for the journey on transfer to the place as travelling allowance during the month.
2. He subscribes Rs. 800 p.m. to GPF, refunds advance of Rs. 850 p.m. per instalment and pays to LIC premium of Rs. 170 p.m.
3. Rs. 200 recovered monthly on account of negligence of duty in a case of misappropriation.
4. Rs. 355 p.m. was recovered on account of recovery ordered by Audit on account of overpayment.
5. First instalment of advance of pay to be recovered Rs. 1267.
6. Unadjusted LTC advance to be recovered Rs. 1400.

Answer –

Except pay all other allowances are exempt from attachment by the order of the court. Attachable amount will be calculated as under:-

$$\text{Attachable amount} = \frac{3800-1000}{3} = \frac{2800}{3} = \text{Rs. } 933.33 \text{ say Rs. } 933 \text{ p.m.}$$

The recoveries to be made from the non attachable portion of his salary are :-

1. GPF advance	Rs. 850 p.m.
2. LIC Premium	Rs. 170 p.m.
3. Recovery of misappropriation	Rs. 200 p.m.
4. Recovery overpayment	Rs. 355 p.m.
5. 1 st instalment of advance pay	Rs. 1267
6. unadjusted LTC Advance	Rs 1400
	Rs 4242
	Plus GPF
	800
	5042

∴ In this case the total emolument is Rs. 5833 and the total deduction is Rs. 5042 and as such the balance amount of Rs. (5833-5042) = 791 is not in a position to remit the amount required for the Court attachment which covered be reduced and as such some other item of deduction against the non attachable portion is to be suitably reduced.

In case the official desires, he may request in writing to postpone the recovery of GPF advance till the advance of pay is fully recovered/ completed. This is permissible under GPF rule.

Hence, the apportionment may be made as under –

(i) Against the Court attachments	Rs. 333
(ii) Against the Government dues	4192
Net amount payable to the official	708
	5,833

∴ The net amount payable to the Government Official is Rs. 708.

Q. No. 5. An officer was in receipt of pay of Rs. 9500 from 1-1-2008 in the scale of pay of Rs. 6500-200-10500 with special allowance of Rs. 400 besides DP of Rs. 47500, DA Rs. 6698, HRA Rs. 1069, SCA Rs. 750 and TA Rs. 200 P.m. calculate the maximum amount attachable from June 2008.

- a) if the attachment order is not for maintenance, and
- b) if the attachment order is for maintenance.

If in the case above, a sum of Rs. 900 was being attached for a continuous period of 24 months till July, 2007 in satisfaction of a decree in another case.

Answer :-

5(a). If the attachment order is not for maintenance

Emoluments for June 2008

$$= \text{Rs. } 9500+400=4750+6698+1069+750+200$$

$$= 23,367.$$

Less Allowance declared exempt

$$= \text{Rs. } 4750+6698+1069+750+200= \text{Rs. } 13467$$

$$\therefore \text{ Net emolument for attachment} = \text{Rs } 23,367 - 13,467$$

$$= \text{Rs. } 9900$$

$$\text{Attachable amount} = \text{Rs. } \frac{9900-1000}{3} = \text{Rs. } \frac{8900}{3} \quad \text{Rs. } 2966.66$$

Less portion of Salary under attachment for

a period of 24 months till July 2007 @ Rs. 900

$$= \text{Rs. } 900.00$$

$$\text{Balance attachable} \quad 2066.66$$

$$2067$$

rounded off.

\therefore The maximum amount attachable from the pay of June 2008 in satisfaction of that decree is Rs. 2067 less M.O. Commission if remitted to the Court by money order.

5 (b). If the attachment order is for maintenance

$$\text{Attachable amount} = \text{Rs. } \frac{9900 \times 2}{3} = \text{Rs. } \frac{19,800}{3} = \text{Rs. } 6,600$$

Less portion of salary which was under attachment

for a continuous period of 24 months till July 2007

@ Rs. 900

$$\underline{(-) 900}$$

$$\text{Balance attachable} \quad = \text{Rs. } 5,700$$

The sum of Rs. 900 which was under attachment for a continuous period of 24 months, in satisfaction of a decree in another case, shall be exempt from attachment until the expiry of further period of 12 months reckoned from August 2007 to July 2008 vide section 60(1) of Code of Civil Procedure, 1908.

Advances to Government Servants

1. Advances to government servants are of two kinds:-

- (i) Interest free advances
- (ii) Interest bearing advances.

2. Interest free advances includes-

- (i) Advance of pay on Transfer
- (ii) Advance of TA on Tour /transfer /retirement.
- (iii) Advance in connection with natural calamities like flood, drought, cyclone etc.
- (iv) advance of LTC
- (v) leave salary advance
- (vi) festival advance
- (vii) advance in connection with medical treatment
- (viii) advance in connection with legal proceedings
- (ix) Limp sum advance to provided immediate relief to the families of Government servants who die while in service;

3. Interest bearing advances include:-

- (i) advance for purchase of warm clothing
- (ii) advance for purchase of table fan
- (iii) Advances for purchase of other conveyance including bicycles.
- (iv) advances for purchase of Personal Computer
- (v) Advances for construction/purchase of house/flat/enlargement of living accommodation.

Conditions for grant of advance for purchase of motor car and motor cycles.

Motor cars

4. Date of drawal of an advance:-

The date of drawal of advance for purchases of conveyance shall be

- (i) The date of issue of the cheque where personal cheques are drawn in favour of the Government servant.

(ii) The date of actual disbursement of the Government servants whose pay is drawn on establishment bills and who are disbursed the advance by the Head of Office after drawing the money from the Treasury Bank.

5. Refund of unspent portion of advance unspent portion of the advance is required to be refunded immediately after the purchase of the Motor car.

6. **Powers of sanction:-** A department of the Government, an Administration or a Head of a Department may sanction advance for the purchase of conveyance to Government servant under their respective administrative control.

7. Amount of advance:-

First occasion - Rs. 1,80,000

OR

8(eight)month's basic pay Plus D.P.

OR

anticipated price of the car to be purchased. whichever is the least.

Second/Subsequent

Occasions Rs. 1,60,000

OR

8 (eight)months basic pay plus D.P.

OR

anticipated price of the motor car to be purchased, whichever is the least.

8. **Eligibility:-** Officers whose basic pay and dearness pay taken together is Rs. 15,750 p.m. or more are eligible. The secretary of the Administrative Department may relax this condition in deserving case.

9. **Mode of recovery/adjustment of advance:-** Not more than 200 equal monthly instalment. The recovery of the amount of advance shall commence with the first issue of pay or leave salary or subsistence grant after the advance is drawn.

NOTE:- The Government Servant may at his option repay more than one instalment in a month.

10. **Recovery of Interest:-** The amount of interest shall be recovered in the minimum number of monthly instalment, the amount of each such instalment being not greater than the amount of the instalment fixed for the principal advance. The recovery should commence from the month immediately following that in which the repayment of advance for the purchase of motor car is completed.

11. **Interest:** - Simple interest at such rates as may be fixed by the Government from time to time shall be charged on advances granted to Government servants for the purchase of conveyance. The interest should be calculated on the balance outstanding on the last day of each month and rate of interest should be determined with reference to the date on which advance is drawn.

Unless Government servant who is sanctioned an advance for purchase of motor car, completes the purchase of and pays for the motor car within one month from the date on which he draws the advance, he shall refund for therewith the full amount of the advance drawn together with interest on that amount for one month.

However, a Department of Government, an Administrator or a Head of Department may, in exceptional cases, extend the period of one month prescribed to two months where the Government servant refunds the full amount of the advances before the end of the month in which it was drawn for the purchase of a car the interest may be recovered for the actual period the advance was retained by the Government servant.

12. **Charging of penal interest @ 2.5% p.a. when purchase not effected within the period:**

Where amount of advance is retained beyond one month, the interest will be charged as below:-

- (i) The period of one month should be a calendar month from the date of drawal of the advance
- (ii) For the first month or where the period is extended by the competent authority for such extended time at the rate applicable,

- (iii) For period in excess of one month if no extension order is obtained from the competent authority or where period is extended with extension order, at the higher rate stipulated beyond 2 month:-

13. Calculation of Interest on advance for purchase conveyance:-

- I. If the principal is repaid in equal monthly instalment from month to month-

$$\text{Interest} = \frac{n(n+1)}{2} \times \frac{x}{12} \times \frac{r}{100}; \quad \text{where } n = \text{no. of instalment}$$

x = amount of each instalment.

r = rate of interest.

- II. If portion of principal is paid in equal monthly instalment and the balance is paid in lump sum.

$$\text{Interest} = \frac{n}{2} (\alpha + l) \times \frac{r}{100} \times \frac{1}{12} \quad \text{where } n = \text{no. of instalment of}$$

repayment including last instalment or lump sum payment.

α = amount of principal.

l = last balance for which interest is due.

r = rate of interest.

- III. In other case, where recovery is irregular no formula will work in such cases. only the balance outstanding on the last day of each month should be worked out and added up, then

$$\text{Interest} = \text{Total Interest bearing Balance} \times \frac{1}{12} \times \frac{r}{100}$$

$$\text{i.e., } \text{IBB} \times \frac{1}{12} \times \frac{r}{100}$$

NOTE:- in the case of recoveries effected through salary bills which are disbursed on the last working day of the month, the amount so recovered should be taken into account as recovered in the succeeding month for the purpose of determining the outstanding balance on the last day of the month.

If the balance amount is repaid in lump sum on one or more occasions in the same month, all those payments along with payment through salary bills should be taken as one instalment for calculation interest as per formula.

Rounding off Interest: - The interest on advance should be rounded off to the nearest rupee fraction of 0.50 paise or more rounded off to nearest rupee.

The interest should be calculated on the balance outstanding on the last day of each month. After the principal amount of advance has been completely recovered, simple interest at the rate specifically fixed for the purpose by the Government and prevailing on the date of drawal of the advance will have to be recovered.

The rate of interest prescribed for advances drawn during various years are as under:-

Advance drawn during	Rate percent for		
	Motor car	Motor cycle, scooter	Cycle
1998-2000	15	11.5	9
2000-01	14	10.5	8
2001-02	13	9.5	7
2002-03	12.5	9	6.5
2003-04	11.5	8	5.5
to			
2006-07			

Examples

1/2007	--	1000	43,500
2/2007	--	1000	42,500
3/2007	--	1000	41,500
4/2007	--	1000	40,500
5/2007	--	1000	39,500
6/2007	--	1000	38,500
7/2007	--	1000	37,500
8/2007	--	1000	36,500
9/2007	--	1000	35,500
10/2006	--	1000	34,500
11/2006	--	1000	33,500
12/2007	--	1000	32,500
1/2008	--	1000	31,500
2/2008	--	1000	30,500
3/2008	--	1000	--
		29,500 }	
Total	60,000	60,000	14,10,500

$$\therefore \text{Interest} = \text{IBB} \times \frac{1}{12} \times \frac{r}{100} = 1410500 \times \frac{1}{12} \times \frac{8}{100}$$

$$\frac{14105 \times 2}{3} = \frac{28210}{3} = \text{Rs. } 9403.33$$

say Rs. 9403

Q. No. 2. An Officer took an advance of Rs. 20,000 for purchase of a motor cycle on 25.1.2004 recoverable in 50 monthly equal instalment of Rs. 400 each.

Calculate the interest payable by the officer and indicate the number of instalments in which the total interest should be recovered as also the amount of each instalment of interest. The rate of interest is 8 percent per annum.

Answer:-

Presuming that the principal of advance has been repaid in equal instalment from month to month.

The interest payable will be calculated as per formula.

$$\begin{aligned} \text{Interest} &= \frac{n(n+1)}{2} \times \frac{x}{12} \times \frac{r}{100}; \\ &= \frac{50(50+1)}{2} \times \frac{400}{12} \times \frac{8}{100} &= 25 \times 51 \times \frac{1}{3} \times 8 \\ &= 25 \times 17 \times 8 = \text{Rs. } 3400. \end{aligned}$$

The recovery of interest will be made after the recovery of principal advance is completed and the number of instalment should be minimum and the amount of recovery of interest should also be not greater than Rs. 400.

Hence the interest will be recovered in 9 (nine) instalment the first 8 instalment @ Rs. 400 and the last 9th instalment @ Rs. 200.

Q. NO. 3. A Government servant took an advance of Rs. 30,000 on 5.4.2006 towards the purchase of a Motor cycle. The prescribed rate of interest is 8% p.a. The Government servant did not effect the purchase but refunded the whole amount of advance on 21-7-2006.

Indicate the amount of interest payable by the Government Servant:-

- (a) if he had obtained sanction of the Head of the Department for extension of time – limit for the purchase.
- (b) if he had not obtained the sanction of the Head of the Department for extension of time limit for the purchase.

Answer:-

(a) For the first two months Interest will be calculated at the prescribed rate of 8%.

For the actual period beyond two months Interest will be calculated at a rate of 10.5% p.a. i.e., 2.5% above the prescribed rate.

∴ The amount of interest payable by the Government Servant will be -

$$\text{Rs. } 30,000 \times \frac{1}{12} \times \frac{8}{100} [2] = \text{Rs. } 400$$

$$\text{Rs. } 30,000 \times \frac{1}{12} \times \frac{10.5}{100} \left[1 + \frac{16}{31} \right] \left\{ \begin{array}{l} \text{Rs. } 262.50 \\ \text{Rs. } 135.48 \\ \hline \text{Rs. } 797.98 \\ \text{say Rs. } 798 \end{array} \right.$$

Total interest payable (rounded off)

(b) For the first one month Interest will be calculated at the prescribed rate of 8% p.a.

For the actual period in excess of first one month Interest will be calculated at the rate of 10.5% p.a. i.e., 2.5% above the prescribed rate.

∴ The amount of interest payable is

$$\frac{1}{12} \times \frac{8}{100}$$

$$\text{Rs. } 30,000 \times \frac{1}{12} \times \frac{10.5}{100} [1] = \text{Rs. } 200$$

$$\text{Rs. } 30,000 \times \frac{1}{12} \times \frac{10.5}{100} \left[2 + \frac{16}{31} \right]$$

Rs. 525
Rs. 135.48
Rs. 860.48

Total interest payable (rounded off) say Rs. 860/-

NOTE 1:- For 2 (two) month is reckoned as under

From 5.4.2006 to 4.5.2006 = 1 month

From 5.5.2006 to 4.6.2006 = 1 month

NOTE 2:- For actual period beyond 2 months

From 5.6.2006 to 4.7.2006 = 1 month

From 5.7.2006 to 20.7.2006 = 16/31 month

Q. No. 4. (a). A Government took an advance for a sum of Rs. 60,000 on 6.2.2006 towards purchase of a motor cycle. The prescribed rate of interest is 8% p.a. The G/S did not effect the purchase but refunded the whole amount of advance on 14-5-2006. Indicate the amount of interest payable by the G/S if he had obtained sanction of the HOD for extension of time limit for the purchase.

(b). In the above case if the G/S had not obtained the sanction of the Head of department for extension of time limit for the purchase what is the amount interest payable by the G/S?

Answer:-

(a). If he obtained sanction

For the first 2(two) month Interest @ 8%p.a.

from 6-2-2006 to 5-4-2006

For the actual period beyond two month Interest @ 10.5%

from 6-4-2006 to 13-5-2006

∴ Interest payable will be calculated as under:-

$$\text{Rs. } 60,000 \times \frac{1}{12} \times \frac{8}{100} [2 \text{ months}] = \text{Rs. } 800$$

$$\text{Rs. } 60,000 \times \frac{1}{12} \times \frac{10.5}{100} \left[1 + \frac{8}{31} \right]$$

Rs. 525
Rs. 135.48
Total Rs. 1460.48

say Rs. 1460/-

(b). In the case where the G/S did not obtain sanction

For the first one month

Interest @ Rs. 8% p.a.

For the actual period beyond one month

Interest @ Rs. 10.5% p.a.

from 6-3-06 to 13-5 2006

∴ Interest payable will be calculated as under:-

$$\text{Rs. } 60,000 \times \frac{1}{12} \times \frac{8}{100} \text{ [1month]} = \text{Rs. } 400$$

$$\text{Rs. } 60,000 \times \frac{1}{12} \times \frac{10.5}{100} \left[2 + \frac{8}{31} \right]$$

Total	Rs. 1050
	Rs. 135.48
	Rs. 1585.48

say Rs. 1585/-

Q. No. 5. What is the amount of Motor car advance admissible to a Government in the following case? How the recovery will be effected?

1) monthly basic pay including DP on 1.4.2008	Rs. 18,000
2) Price of motor car	Rs. 1,50,000
3) Spare wheel & tyre	Rs. 5,000
4) Radio in the car	Rs. 2,000
5) Insurance charge	Rs. 500
6) Registration charge	Rs. 1,000
7) Cost of transportation of conveyance upto duty point arranged by distributor	Rs. 1,500
8) Octroi charge paid	Rs. 300
9) Sales Taxes	Rs. 500.

Answer:- Quantum of advance presuming that the advance is on first occasion –

Rs. 1,80,000

OR

8 month Pay +DP

OR

Anticipated price of motor car to be purchased

whichever is the least

∴ The amount admissible to the officer has to be worked out as under.

Rs. 1,80,000

OR

8 times of Rs. 18000 = Rs. 1,44,000

OR

anticipated price of

Motor car	Rs. 1,50,000
Cost of spare wheel & tyre	Rs. 5,000
Transportation	Rs. 1500
Octroi	Rs. 300
Sales Taxes	Rs. 500
	<hr/>
	1,57,300

∴ The least amount is Rs. 1,44,000 which will be the admissible amount to be sanctioned.

Recovery:-

The recovery of advance will be made in not more than 200 equal monthly instalment and the recovery shall commence with the first issue of pay, leave salary and subsistence allowance after the advance is drawn.

Q. No. 6. Calculate the amount of interest payable by an officer of State government of Manipur on an advance of Rs. 1,80,000 repayable in 200 monthly equal instalment from the following particulars:-

1. Date of issue of cheque 20-8-2002
2. Date drawal of cheque 10-9-2002
3. The officer completed the negotiation for purchase and finally paid for the motor car on 6.10.2002.
4. He applied for extension of time limit in time for completing the negotiation and the extension applied for was granted by the Head of Department.
5. Recovery of the advance was commenced from his salary bill for the month of September 2002, disbursed on 30-9-2002

6. He refunded in cash Rs. 2000 being the amount of advance in excess of the actual price of the car on 21-10-2002.
 7. The officer repaid the entire balance outstanding on 30-3-2006
 8. Rate of interest chargeable is 12.5%p.a.
- Indicate irregularity in the above transaction.

Answer:-

Interest calculation on Motor car advance

Month	Amount of advance	Recovery /refund	IBB
8/2002	1,80,000	--	1,80,000
9/2002	--	--	1,80,000
10/2002	--	900 } 2000 }	1,77,100
11/2002	--	900	1,76,200
12/2002	--	900	1,75,300
1/2003	--	900	1,74,400
2/2003	--	900	1,73,500
3/2003	--	900	1,72,600
4/2003	--	900	1,71,700
5/2003	--	900	1,70,800
6/2003	--	900	1,69,900
7/2003	--	900	1,69,000
8/2003	--	900	1,68,100
9/2003	--	900	1,67,200
10/2003	--	900	1,66,300
11/2003	--	900	1,65,400
12/2003	--	900	1,64,500
1/2004	--	900	1,63,600
2/2004	--	900	1,62,700
3/2004	--	900	1,61,800
4/2004	--	900	1,60,900
5/2004	--	900	160,000

6/2004	--	900	1,59,100
7/2004	--	900	1,58,200
8/2004	--	900	1,57,300
9/2004	--	900	1,56,400
10/2004	--	900	1,55,500
11/2004	--	900	1,54,600
12/2004	--	900	1,53,700
1/2005	--	900	1,52,800
2/2005	--	900	1,51,000
3/2005	--	900	1,50,100
4/2005	--	900	1,49,200
5/2005	--	900	1,48,300
6/2005	--	900	1,47,400
7/2005	--	900	1,46,500
8/2005	--	900	1,45,600
9/2005	--	990	1,44,700
10/2005	--	900	1,43,800
11/2005	--	900	1,42,900
12/2005	--	900	1,42,000
1/2006	--	900	1,41,100
2/2006	--	900	--
3/2006	--	900	--
		1,40,200	
Total	1,80,000	1,80,000	68,83,100

∴ By formula we have,

$$\text{Interest} = \text{IBB} \times \frac{1}{12} \times \frac{r}{100}$$

$$= 6883100 \times \frac{1}{12} \times \frac{12.5}{100}$$

$$\frac{68831 \times 12.5}{12}$$

= _____ = Rs. 71698.95 say Rs. 71699/-

∴ The amount of interest payable by the officer is Rs. 71,699 only

IRREGULARITY:-

The recovery of advance should have been started with the first issue of pay for the month of August 2002 instead of September 2002. Hence irregular.

NOTE:- Date of drawal of an advance shall be from the date of issue of cheque and not from the actual drawal of advance vide Rule 14 of part II of rules on advance.

Income Tax on Salaries

2008-09

Income Tax is leviable annually for each financial year commencing on the 1st day of April and ending on the 31st March following. Such Income Tax is levied on annual basis from salaries and is recovered on a monthly basis for the sake of convenience. In calculation income we have to start from March to February following as the salaries for March every year will be taken into account as income during April. As such the salary income from March to February following will be treated as income for the financial year starting from April to March following.

Steps for calculation of Income Tax for the financial year 2008-09 (Assessment year 2009-10) are indicated as below:-

Income Tax on the salary of an individual will have to be calculated in five steps;

1st Step:- Calculation of Total Income:- We should take the salary income from 1.4.2008 to 31.3.2009 including arrear received during the period if any, income received as allowance etc. From the total so arrived at, the amount of HRA, if any, eligible for exemption should be deducted. The amount arrived at is the total salary Income for the year from April to March following:

2nd Step:- Deduction admissible (section 16)

- (i) Professional Tax actually paid during the year
- (ii) entertainment allowance if any, received during the year limited to 1/5th of his salary or Rs. 5000, whichever is less.
- (iii) New pension scheme Amount deposited in the new pension scheme introduced from 1.1.2005 subject to a maximum of 10% of salary and Government 's contribution to the New Pension scheme subject to a maximum of 10% of the salary

(iv) Medical Insurance upto Rs. 20,000. This is applicable to insurance under any scheme sponsored by the General Insurance Co-operation of India or any other insurer. [Sec. 80-D]

(v) Handicapped dependent:- if medical treatment / maintenance / rehabilitation incurred expenditure an amount of Rs. 50,000 or Rs. 75,000, as the case may be, [Sec. 80DD]

(vi) Medical treatment :- Any expenditure incurred for medical treatment of such diseases like Cancer or AIDS upto a maximum of Rs. 40,000 or Rs. 60,000 as the case may be; [Sec 80DD]

(vii) Education Loan taken from any financial institution or charitable institution for the purpose of the higher education or higher education of his spouse / children the amount of interest repayment made during the year or for a period of 8 year, whichever is earlier [Sec 80 E]

(viii) Handicapped assesses upto Rs. 50,000 or Rs. 75,000 as the case may be; [Sec 80 U]

(ix) Donation – 50% deduction.

1. Jawaharlal Nehru Memorial Fund
2. Prime Minister's Drought Relief Fund
3. National children' Fund
4. Indira Gandhi Memorial Fund
5. Rajiv Gandhi Foundation

100% deduction

1. Chief Minister's Relief Fund
2. National Defence Fund
3. Prime Minister's National Relief Fund
4. Prime Minister's Armenia Earthquake Relief Fund
5. Africa (Public contribution –India) Fund

6. National foundation for Communal Harmony

In computing the total income of an assessee there shall be deducted the whole of the amount paid or deposited in the previous year and the aggregate amount of deduction under sec 80 C, 80 CCC , and 80 CCD shall not, in any case, exceed one lakh rupees.

N.B:-PLI premium financed from GPF does not qualify for deduction under sec 80C as the GPF contribution is already qualifying.

Thus taxable income is arrived at after allowing the abovedeductions. This should be rounded off to the nearest multiple of ten rupees ignoring the fraction which is less than five rupees and increasing the fraction of five rupees or more to the next higher amount which is a multiple of ten.

On the total taxable income arrived at, the income tax payable is to be worked out on the basis of the following rate and rounded off to the nearest whole rupee for which fraction of 50 paise or above being taken as whole rupee and less than 50 paise shall be disregarded.

Income tax rates for the financial year 2008-09 (Assessment year 2009-2010)

Taxable Income	Income Tax	
	For women assesses	For other
1. upto 1,50,000	--	Nil
2. Rs. 1,50,001 to 1,80,000	--	10% of income exceeding Rs. 1,50,000
3. Rs.1,80,001 to 3,00,000	10% of income exceeding Rs. 1,80,000	-do-
4. Rs. 3,00,001 to 5,00,000	Rs. 12,000 + 20% of income exceeding Rs. 3,00,000	Rs. 15,000 + 20% of income exceeding Rs. 3,00,000
5. Rs. 5,00,001 onwards	Rs. 52,000 + 30% of income exceeding Rs. 5,00,000	Rs. 55,000 + 30% of income exceeding Rs. 5,00,000

OR

For Women assessee

Taxable Income	Income tax
1. upto Rs. 1,80,000	Nil
2. Rs. 1,80,001 to Rs. 3,00,000	10% of income exceeding Rs. 1,80,000
3. Rs. 3,30,001 to Rs. 5,00,000	Rs. 12,000 + 20% of income exceeding Rs. 3,00,000
4. Rs. 5,00,001 onward	Rs. 52,000 + 30% of income exceeding Rs. 5,00,000

For others(Men assessee):-

Taxable Income	Income tax
1. upto Rs. 1,50,000	Nil
2. Rs. 5,00,001 to 3,00,000	10% of income exceeding Rs. 1,50,000
3. Rs. 3,00,001 to 5,00,001	Rs. 15,000 + 20% of income exceeding Rs. 3,00,000
4. Rs. 5,00,001 onward	Rs. 55,000 + 30% of income exceeding Rs. 5,00,000

Surcharge:- Surcharge is to be added to the income tax payable, subject to marginal adjustments. Income Tax and surcharge should be shown separately as two independent items.

Rates of surcharge are given below:-

<i>Income</i>	<i>Rate of surcharge</i>
Upto Rs. 10 Lakhs	Nil
Above Rs. 10 Lakhs	10% of Income Tax

Education Cess on all taxes is to be levied @ 3% of Income Tax including Surcharge, if there be any.

Practical questions on Income Tax calculation

Q. No. 1. From the particulars given below, you are required to calculate taxable income and income Tax payable by Shri. X, an officer of State Government of Manipur for the salary year 2008-09.

1. total salary income for the year 2008-09	Rs. 1,22,400
2. GPF subscription @ 800p.m. for the year 2008-09	Rs. 9,600
3. P. Tax actually paid during the year	Rs. 600
4. GPF advance recovery @ Rs. 500 p.m. for the year 2008-09	Rs. 6,000

Solution:-

Income tax calculation statement in respect of Shri X, an officer of State Government of Manipur for the financial year 2008-09 (Assessment year 2009-2010)

Total Income form salary	Rs. 1,22,400
less P.Tax actually paid during the year	(-) 600
	<u>1,21,800</u>

Savings under section 80C:-

GPF subscription @ Rs. 800 p.m. x 12 = Rs. 9,600	(-) 9,600
	<u>Taxable Income = Rs. 1,12,200</u>

∴ Taxable income is less than Rs. 1,50,000 the officer should not pay I.Tax for the Taxable income of Rs. 1,12,200.

NOTE:- Repayment of advance from GPF is not qualifying for deduction under section 80-C and as such GPF advance recovery is not taken into account.

Q. No. 2. Calculate Taxable Income and Income Tax payable by Smt. Kamala Devi, an officer of State Government of Manipur for the financial year 2008-09 from the following data:-

- Drawing pay of Rs. 10,750 p.m. in the scale of pay of Rs. 8000-275-13500 with DNI on 1.1.2009.
- Dearness pay at 50% of basic pay
- Dearness allowance at 35% of pay plus D.P. up to 30.6.08 and 47% of pay plus D.P. w.e.f 1.7.2008.
- HRA at 7.5% of pay + DP

- e) SCA at Rs. 750 pm.
- f) TA at Rs. 400 p.m.
- g) Received Honorarium of Rs. 5000 in 12/2008 for evaluation of answer paper for departmental examination.
- h) GPF subscription Rs. 2000 p.m.
- i) GIS at Rs. 80 p.m.
- j) GPF advance recovery at Rs. 1500p.m.
- k) PLI premium at Rs. 250 p.m.
- l) LIC premium on the life of her husband Rs. 1800 per quarter
- m) Donated 2 days basic pay plus D.P.To chief Minister Relief Fund in 2/2009
- n) Paid P.Tax actually Rs. 24000 during the year
- o) The officer lives in her own house

Answer:- Income Tax calculation statement in respect of Smt. Kamala Devi an officer of State Government of Manipur for the financial year 2008-09 (A.Y -2009-2010).

Income for salary

1. Pay @ Rs. 10,750 pm from 3/08 to 12/08 x 10	= Rs. 1,07,500
& @ Rs. 11025 pm from 1/09 to 2/09 x 2	= Rs. 22,050
2. D.P. @ Rs. 5375 pm from 3/08 to 12/08 x 10	= Rs. 53,750
& @ Rs. 5513 pm from 1/09 to 2/09 x 2	= Rs. 11,026
3. D.A. @ Rs. 5644 pm from 3/08 to 6/08 x 4	= Rs. 22,576
@ Rs. 7579 pm from 7/08 to 12/08 x 6	= Rs. 45,474
& @ Rs. 7773 pm from 1/09 to 2/09 x 2	= Rs. 15,546
4. H.R.A. @ Rs. 1209 pm from 3/08 to 12/08 x 10	= Rs. 12,090
& @ Rs. 1240 pm from 1/09 to 2/09 x 2	= Rs. 2,480

5. SCA&TA Exempt		----
6. Honorarium received @ Rs. 5000 in 12/2008 x1	= Rs.	5,000
		<hr/>
Gross Income		2,97,492
Deduct P.Tax actually paid	(-)	2,400
		<hr/>
Deduct donation to C.M.'s Relief Fund		2,5,092
@ Rs. 1181 100% of 1181		1181
		<hr/>
Total Income		2,93,911
		Total Income 2,93,911

Savings under Sec 80-C

1. GPF subscription @ Rs. 2000 pm x 12	= Rs.	24,000
2. GIS contribution @ Rs. 80 pm x 12	= Rs.	960
3. PLI premium @ Rs. 250 pm x 12	= Rs.	3,000
4. LIC premium @ Rs. 1800 per quarter x 4	= Rs.	7,200
		<hr/>
		35,160
		(-) 35,160
		<hr/>
Net Taxable Income		2,58,751
		Rounded off to Rs. 2,58,750

∴ Income Tax Payable on Rs. 2,58,750

= Rs. 10% of Rs. 2,58,750	= Rs.	7,875
Plus Education Cess at 3% of I.Tax	= Rs.	236
		<hr/>
Total of I. Tax and Education Cess payable for the year 2008-09 is Rs. 8111 only	= Rs.	8,111

NOTE:- Recovery of GPF advance will not be qualifying for deduction under Sec. 80-C and therefore not taken into account

Q. No. 3. Calculate Taxable Income and Income Tax payable by Mr. X , an officer of State Government of Manipur for the financial year 2008-09 from the following particulars.

- (a) Drawing pay of Rs. 15,500 from 1.3.2008 in the scale of Rs. 14300-400-18300
- (b) Dearness pay Rs. 7750
- (c) Dearness allowance Rs. 8138 from 1.3.2008 and Rs. 10,928 from 1-7-2008 onwards.
- (d) HRA at 7.5% . He pays a monthly rent of Rs. 3000 for his residential quarters.
- (e) SCA Rs. 750 pm
- (f) TA. Rs. 400 p.m.
- (g) Subscription to GPF Rs. 3500 pm
- (h) Obtained House Building Advance of Rs. 1,00,000. Recovery of monthly instalment of repayment at Rs. 900 each
- (i) Contribution to MSGEGIS Rs. 80 pm.
- (j) Annual premium paid in respect of Insurance policy taken in favour of his wife Rs. 6,200
- (k) Paid P.Tax actually Rs. 2500 during the year.

Answer:- Interest calculation statement in respect of Mr. X , an officer of state Government of Manipur for the financial year 2008-09.

Income from Salary

1. Pay @ Rs. 15,500 pm from 3/08 to 2/09 x 12	= Rs. 1,86,000
2. D.P. @ Rs. 7750 pm from 3/08 to 2/09 x 12	= Rs. 93,000
3. D.A. @ Rs. 8138 pm from 3/08 to 6/08 x 4	= Rs. 32,552
& @ Rs.10928 pm from 7/08 to 2/09 x 8	= Rs. 87,424
4. H.R.A. @ Rs. 1744 pm from 3/08 to 2/09 x 12	= Rs. 20,928
5. SCA & TA exempt	----
Gross Income	= Rs. 4,19,904

HRA Exemption

1. HRA actually received	29,880	Less HRA Exempt vide calculation	
2. Rent paid in excess of 10% of Salary	8,100		(-) 8,100
3. 40% of Salary	1,11,600		<u>= Rs. 4,11,804</u>
Whichever is least.			

Less P. Tax actually paid during the year	(-) 2,500
	<u>= Rs. 4,09,304</u>

Saving under Section 80-C

GPF @ Rs. 3500 pm x 12	= Rs. 42,000	
MSGEGIS @ Rs 80 pm	= Rs. 900	
LIC premium @ Rs. 6200 x 1	= Rs. 6,200	
Recovery of HRA @ 900 pm x 12	= Rs. 10,800	
Total	= Rs. 59,960	(-) 59,960
		<u>= Rs. 3,49,344</u>
Taxable Income		= Rs. 3,49,340

∴ Income Tax payable on Rs. 3,49,340

= Rs. 15,000 + 20% of Rs. 49,340 = Rs. 24,868

Add Education Cess at 3% = 746

Total of I.Tax & Education Cess = Rs. 25,614

∴ I. Tax & Education Cess payable by the officer for the financial year 2008-09 is Rs. 25,614/- only.

Q. No. 4. From the particular given below, calculate the amount of Taxable Income and Income Tax payable by an officer of State Government of Manipur for the financial year 2008-09 (A.Y. 2009-2010).

(i) Pay Rs. 18900 pm in the scale of Rs. 18400-500-22400 with DNI on 1.1.2009.

(ii) DP At 50% of basic pay

- (iii) DA at 35% (basic pay + DP) up to 30.6.2008 and 47% of (basic pay + DP) form 1.7.2008.
- (iv) HRA 75% of (basic pay + DP). The officer lives in a rented house by paying rent of Rs. 4000 pm.
- (v) SCA at Rs. 750 pm.
- (vi) TA at Rs. 400 pm.
- (vii) Donated Rs. 1200 to PM's Drought Relief Fund in September.
- (viii) Received Honorarium of Rs. 1200 in September
- (ix) Subscribes Rs. 3000 pm to GPF Rs. 80 to MSGEGIS LIC annual premia on the life of his wife Rs. 6200
- (x) Paid tuition fees of Rs. 14000 and Rs. 20,000 respectively for his two sons.
- (xi) An amount of Rs. 1200 pm. toward repayment of House Building Advance
- (xii) Paid actually P. Tax of Rs. 2500 during the year.

Answer:- Income Tax calculation statement in respect of an Officer of State Government of Manipur for the financial year 2008-09 (A.Y. 2009-2010).

Income from salary:-

1. Pay @ Rs. 18900 pm from 3/08 to 12/08 x 10	= Rs. 1,89,000
& @ Rs. 19400 pm from 1/09 to 2/09 x 2	= Rs. 38,800
2. D.P. @ Rs. 9450 pm from 3/08 to 12/08 x 10	= Rs. 94,500
& @ Rs. 9700 pm from 1/09 to 2/09 x 2	= Rs. 19,400
3. D.A. @ Rs. 9923 pm from 3/08 to 6/08 x 4	= Rs. 39,692
@ Rs. 13325 pm from 7/08 to 12/08 x 6	= Rs. 79,950
& @ Rs. 13677pm from 1/09 to 2/09 x 2	= Rs. 27,354
4. H.R.A. @ Rs. 2126 pm from 3/08 to 12/08 x 10	= Rs. 21,260
& @ Rs. 2183 pm from 1/09 to 2/09 x 2	= Rs. 4,366
5. SCA & TA Exempt	----
6. Honorarium @ Rs. 1200 received in 9/2008 x 1	= Rs. 1,200
	<hr/>
	= Rs. 5,15,522

HRA Exemption

1. HRA actually received	Rs. 25,626	
2. Rent paid in excess of 10% of salary	Rs. 13,830	
3. 40% of salary	Rs. 1,36,680	
		Less HRA exempt vide calculation
		<hr/>
		49 Page

	(-) 13,830	
	5,01,692	
Deduct donation actually paid during the year	(-) 2,500	
	= Rs. 4,99,192	
Deduct donation to P.M's Drought Relief fund @ Rs . 1200 in 9/08 50%	(-) 600	
	= Rs. 4,98,592	
Total salary Income		= Rs. 4,98,592
Savings [Section 80-C]		
1. GPF subscription @ Rs. 3000 pm x 12	= 3,600	
2. GIS contribution @ Rs. 80 pm x 12	= 960	
3. LIC annual premia @ Rs. 6200 x 1	= 6,200	
4. Tuition Fees	= 34,000	
5. HRA recovery @ 1200 x 12	= 14,400	
	91,560	(-) 91,560
Taxable Income		= Rs. 4,07,032 Say Rs. 4,07,030

∴ Income Tax Payable on Rs. 4,07,030

= Rs. 15000+20% of Rs.1,07,030 = Rs. 36,406

Add Education Cess @ 3% of 33076 = Rs. +1092

Total of I. Tax and Education Cess payable for the year 2008-09. = Rs. 37,498

NOTE:- Savings upto Rs. 1,00,000 can be deducted from the Income and the limit for individual item of savings has been removed.

Q. No. 5. From the particulars given below, calculate taxable income and income tax payable by Mr. 'A' an officer of State Government of Manipur who is in occupation of rent free unfurnished residential quarter provided to him as a condition of service for the year 2008-09.

(i) Drawing pay of Rs. 7500 from 1.1.2008 in the scale of Pay of Rs. 6500-200-10500 with DNI on 1.1.2009

- (ii) DP at 50% of pay w.e.f. 1.12.2007
- (iii) DA at 35% of pay plus DP upto 6/2008 and 47% from 7/2008
- (iv) SCA at Rs. 750 pm.
- (v) TA at Rs. 200 pm.
- (vi) Received honorarium of Rs. 3000 in 6/06
- (vii) Subscribes to GPF Rs. 1500 pm , GIS Rs.60 pm PLI premium Rs. 60 pm.
- (viii) Flat rate licence fee for the rent free quarters provided to the officer is Rs. 250 pm.
- (ix) Paid P.Tax actually during the year Rs. 2400
- (x) Received arrear of DA Rs. 1,350 in 4/08.

Answer:-

Interest calculation statement in respect of Mr 'A' an officer of State Government of Manipur the financial year 2008-09 (A.Y.2009-2010)

Income from Salary:-

1. Pay @ Rs. 7500 pm from 3/08 to 12/08 x 10	= Rs. 75,000
& @ Rs. 7700 pm from 1/09 to 2/09 x 2	= Rs. 15,400
2. D.P. @ Rs.3750 pm from 3/08 to 12/08 x 10	= Rs. 37,500
& @ Rs. 3850 pm from 1/09 to 2/09 x 2	= Rs. 7,700
3. D.A. @ Rs. 3938 pm from 3/08 to 6/08 x 4	= Rs. 15,752
@ Rs. 5288 pm from 7/08 to 12/08 x 6	= Rs. 31,728
& @ Rs. 5429 pm from 1/09 to 2/09 x 2	= Rs. 10,858
4. Value of rent free quarter @ Rs. 250 pm x 12	= Rs. 3,000
5. Arrear of DA	= Rs. 1,350
6. Honorarium	= Rs. 3,000

Gross Total = Rs. 2,01,288

Less P.Tax actually paid during the year = Rs. 2,400

Total Income = Rs. 1,98,888

Savings [Section 80-C]

GPF subscription @ Rs. 1500 x 12 = 18,000

GIS @ Rs. 60 pm. x 12 = 720

PLI premia @ Rs. 60 pm x 12	=	720		
		Rs.19,440	19,440	
Taxable Income	=	Rs. 1,79,448		
			Say Rs. 1,79,450	
			Rounded off to multiple of ten.	

∴ Income Tax on Rs. 1,79,450

= 10% of Rs. (17450-150000)

= 10% of Rs. 2945 = Rs. 2,945

Add education Cess at 8% on Rs. 2,945 = Rs. 88

Total of I. Tax and Education Cess				
Payable by the Officer for the year 2008-09 =	=	Rs. 3,033		

NOTE:- The value of rent free unfurnished residential accommodation provided to the Government officer shall be taken as equal to the amount of licence fee recoverable from the Government –officer if the accommodation has been allotted to him otherwise than on rent free basis. Hence, the flat rate licence fee of Rs. 250 is taken as the value of rent free accommodation (perquisite value) vide Rule 3 of Income Tax Rules 1962.

Q. No. 6. Calculate the Income Tax of an Officer drawing Rs. 18400 in the scale of pay of Rs. 18400-500-22400 with DNI on 1.3.2009 for the financial year 2008-09 after taking into account of the following :-

- (1) DP at 50% of pay;
- (2) DA 35% from 1.3.2008 and 47% from 1.7.2008 on basic pay plus Dearness pay;
- (3) SCA at Rs. 750;
- (4) TA at Rs. 400 pm;
- (5) In occupation of Government quarters paying the prescribed licence fee
- (6) Received an Honorarium of Rs. 1500 in July 2008 for setting question paper of departmental Examination.
- (7) Subscribes to GPF Rs. 5000 pm;

- (8) GIS contribution Rs. 120 pm
 (9) PLI premium Rs. 300 pm
 (10) Invested Rs. 40,000 as fixed deposit in the State Bank of India for 5 years.
 (11) Paid Rs. 40,000 as interest on loan obtained for his sons higher education;
 (12) Paid actually P. Tax of Rs. 2500 during the year.

Answer:-

Interest calculation Statement in respect of an officer for the financial year 2008-09 .

Income from salary

1. Pay @ Rs. 18400 pm from 3/08 to 2/09 x 12	= Rs. 2,20,800
2. D.P. @ Rs.9200 pm from 3/08 to 2/09 x 12	= Rs. 1,10,400
3. D.A. @ Rs. 9660 pm from 3/08 to 6/08 x 4	= Rs. 38,640
@ Rs. 12972 pm from 7/08 to 2/09 x 8	= Rs. 1,03,776
4. SCA & TA exempt	---
5. Honorarium @ Rs. 1500 in 7/08 x 1	= Rs. 1,500
	<hr/>
	= Rs. 4,75,116
Deduct P. Tax actually paid during the year	2,500
	<hr/>
	= Rs. 4,72,616
Deduct Interest on loan for higher education	
Actually paid	= Rs. 40,000
	<hr/>
Total Income	= Rs. 4,32,616

Savings [Section 80-C]

GPF subscription @ Rs. 5000 x 12	= 60,000
PLI premia @ Rs. 300 pm x 12	= 3,600
GIS @ Rs. 120 pm. x 12	= 1,440
Fixed Deposit in SBI	= 40,000

Total = Rs. 1,05,040

Limited to Rs. 1,00,000 1,00,000

Taxable Income = Rs. 3,32,616

Rounded off to 3,32,620

∴ Income Tax on Rs. 3,32,620

= Rs. 15,000+20% of Rs. 32620 = Rs. 21,524

Add. edn. Cess 3% on Rs. 21524	= Rs. 646
Total of I. Tax and Education Cess payable for the year 2008-2009	= Rs. 22,170

Another method of Income Tax calculation

Rs. 1,50,000	Income Tax	Nil
Next Rs. 1,50,000	10% of 1,50,000	Rs. 15,000
Next Rs. 32,620	20% of 32,620	Rs. 6,524
	Total	Rs. 21,524
Add Edu. Cess at 3% of I. Tax		646
		Rs. 22,170

Total I. Tax & Edn. Cess for the year 2008-09 = Rs. 22,170

NOTE:-

1. Fixed deposit for a minimum period of 5 years in a scheduled Bank is eligible for deduction under Section 80-C.
2. Interest on Loan borrowed for higher Education of Spouse /children can be deducted from Taxable Income vide Section 80-E amended by Finance Act 2007.

Q.No. 7. From the particulars given below, calculate Taxable Income and Income Tax recoverable from the salary of Shri Kumar, a State Government Officer of Manipur, for the financial year 2008-09.

- (i) Drawing pay of Rs. 8,000 in the scale of pay of Rs. 7500-250-12000 from 1-1-2008
- (ii) Dearness pay at 50% of basic pay
- (iii) Dearness allowance at 355 on basic pay plus DP from 1-12-2007 and 47% on basic pay plus DP from 1-7-2008
- (iv) Provided with departmental rent free quarters. the flat rate licence fee of the quarters is Rs. 300 pm
- (v) No house rent allowance is admissible as he is in occupation of departmental quarters.
- (vi) SCA at Rs. 750 pm.

- (vii) TA at Rs. 400 pm.
- (viii) Subscribes to GPF Rs. 1500 pm., contributes Rs. 40 pm to MSGEGI scheme , PLI premium Rs. 60 pm.
- (ix) Repayment of House Building Advance Rs. 800 pm.
- (x) Received a fee of Rs. 2400 from a public Sector undertaking with permission of the Competent Authority for Services rendered Rs. 300 out of this amount was credited to the Government as per S.R. 12.
- (xi) Paid actually P.Tax of Rs. 2400 during the year.
- (xii) In January 2009, donated Rs. 650 to Prime Minister's National Relief Fund.

Answer:-

Income Tax calculation statement in respect of Shri. Kumar , an state Government officer of Manipur for the financial year 2008-2009 (Assessment Year 2009-2010)

Income from Salary:-

1. Pay @ Rs. 8000 pm from 3/08 to 12/08 x 10	= Rs. 80,000
& @ Rs.8250 pm from 1/09 to 2/09 x 2	= Rs. 16,500
2. D.P. @ Rs. 4,000 pm from 3/08 to 12/08 x 10	= Rs. 40,000
& @ Rs. 4125 pm from 1/09 to 2/09 x 2	= Rs. 8,250
3. D.A. @ Rs. 4200 pm from 3/08 to 6/08 x 4	= Rs. 16,800
@ Rs. 5640 pm from 7/08 to 12/08 x 6	= Rs. 33,840
& @ Rs. 5816 pm from 1/09 to 2/09 x 2	= Rs. 11,632
4. SCA & TA Exempt	----
5. Perquisite-value of rent free residential accommodation @ Rs. 300 p.m. x 12	= Rs. 3,600
6. Fees received (Rs. 2400 minus 300)	= Rs. 2,100
	= Rs. 2,12,722
Deduct P.Tax actually paid during the year	(-) 2,400
	= Rs. 2,10,322
	2,97,492

Deduct Donation to P.M's National Relief Fund cent

percent of Rs. 650 650

Total Income = Rs. 2,09,672

Savings under Sec 80-C

1. GPF subscription @ Rs. 1500 pm x 12	= 18,000	
2. GIS contribution @ Rs. 40 pm x 12	= 480	
3. PLI premium @ Rs. 60 pm x 12	= 720	
4. Repayment of HRA @ Rs. 800 x12	= 9,600	
	<u>28,800</u>	(-) 28,800
		<u>= Rs. 1,80,872</u>
		Say Rs. 1,80,870

∴ Income Tax Payable on Rs. 1,80,870

= Rs. 10% of Rs. 30,087 = Rs. 3,087

Ass Edn. Cess 3% of 3070 = Rs. 93

= Rs. 3,180

Total of I.Tax and Edu. Cess recoverable for the year
2008-09 to Rs. 3180 only

Q. No. 8. From the particulars given below you are required to calculate Taxable Income and amount of Income Tax recoverable from Smt. Geeta Devi, a lady officer of State Government of Manipur in Education Department for the financial year 2008-09.

- 1) pay Rs. 19400 pm. in the scale of pay of Rs. 18400-500-22400 with DNI on 1.1.2009.
- 2) DP at 50% of pay
- 3) DA at 35% of pay plus DP upto 30.6.2008 and 47% of Pay Plus DP from 1.7.2008.
- 4) HRA at 7.5% of basic pay plus DP. She lives in a rented house by paying rent of Rs. 4000 pm
- 5) SCA at Rs. 750 pm
- 6) TA at Rs. 400 pm
- 7) Received Honorarium of Rs. 1200 in 9/2008 for setting departmental question paper.
- 8) Subscribes Rs. 5000 pm to GPF Rs. 80 pm to GIS, Life Insurance annual premia on the life of her husband Rs. 4200.

- 9) A sum of Rs. 1800 pm was being recovered from her salary on account of repayment of HBA.
- 10) Paid actually P.Tax of Rs. 2500 during the year.
- 11) Donated Rs. 1200 to PM's National Relief Fund in 12/08.

Answer:-

Income Tax calculation statement in respect of Smt. Geeta Devi a lady Officer of State Government of Manipur in Education Department for the financial year 2008-09.

Income from salary:-

1. Pay @ Rs. 19400 pm from 3/08 to 12/08 x 10	= Rs. 1,94,000
& @ Rs. 19900 pm from 1/09 to 2/09 x 2	= Rs. 39,800
2. D.P. @ Rs. 9700 pm from 3/08 to 12/08 x 10	= Rs. 97,000
& @ Rs. 9950 pm from 1/09 to 2/09 x 2	= Rs. 19,900
3. D.A. @ Rs. 10185 pm from 3/08 to 6/08 x 4	= Rs. 40,740
@ Rs. 13677 pm from 7/08 to 12/08 x 6	= Rs. 82,062
& @ Rs. 14030 pm from 1/09 to 2/09 x 2	= Rs. 28,060
4. H.R.A. @ Rs. 2183 pm from 3/08 to 12/08 x 10	= Rs. 21,830
& @ Rs. 2239 pm from 1/09 to 2/09 x 2	= Rs. 4,478
5. SCA & TA Exempt	----
6. Honorarium received @ Rs. 1200 in 9/2008 x 1	= Rs. 1,200
Gross Total	= Rs. 5,29,070

HRA Exemption

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">4. HRA actually received</td> <td style="width: 30%; text-align: right;">Rs. 26,303</td> </tr> <tr> <td>5. Rent paid in excess of 10% of salary</td> <td style="text-align: right;">Rs. 12,930</td> </tr> <tr> <td>6. 40% of salary</td> <td style="text-align: right;">Rs. 1,40,280</td> </tr> </table>	4. HRA actually received	Rs. 26,303	5. Rent paid in excess of 10% of salary	Rs. 12,930	6. 40% of salary	Rs. 1,40,280	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Less HRA exempt vide calculation</td> <td style="width: 30%; text-align: right;">(-) 12,930</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">= Rs. 5,16,140</td> </tr> <tr> <td>Deduct P.Tax actually paid during the year</td> <td style="text-align: right;">(-) 2,500</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">= Rs. 5,13,640</td> </tr> <tr> <td>Deduct donation to PM's National Relief Fund in 12/08 100% of Rs. 1200</td> <td style="text-align: right;">(-) 1,200</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">Total salary Income</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">= Rs. 5,12,440</td> </tr> </table>	Less HRA exempt vide calculation	(-) 12,930		= Rs. 5,16,140	Deduct P.Tax actually paid during the year	(-) 2,500		= Rs. 5,13,640	Deduct donation to PM's National Relief Fund in 12/08 100% of Rs. 1200	(-) 1,200	Total salary Income	= Rs. 5,12,440
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Savings [Section 80-C]

1. GPF subscription 5000 pm x 12	=	60,600	
2. GIS @ Rs. 80 pm x 12	=	960	
3. LIC premia annual @ 4200 x 1	=	4,200	
4. HRA repayment @ 1800 pm x 12	=	21,600	
		<u>86,760</u>	
			(-) 86,760
	Taxable Income		<u>= Rs. 4,25,680</u>
∴ Income Tax on Rs. 4,25,680			
		= Rs. 12000+20% of Rs. 1,25,680	
		= Rs. 12,00+25,136	= Rs. 37,136
Add Education Cess @ 3% of 37136	=	111408	= 1,114
Total of I. Tax and Education Cess recoverable for the year 2008-09.			<u>= Rs. 38,250</u>