

Exempt and taxable gratuity calculation

years of service = 32 yrs

Actual gratuity = 17,00,000

Salary = 65,000

Exempt gratuity: (least of the following)

(i) Actual gratuity = 17,00,000

(ii) Avg of last 10 months salary $\times \frac{15}{26} \times$ yrs of service

$$= 65000 \times \frac{15}{26} \times 32 = 12,00,000$$

(iii) Rs. 20,00,000

Exempt gratuity = ₹ 12,00,000

taxable gratuity = Actual gratuity - exempt gratuity
 $= 17,00,000 - 12,00,000$

taxable gratuity = ₹ 5,00,000 //