

Avg Salary for
10 months = ₹ 65,000
(Basic + DA)

Exempt gratuity

Least of

1) ₹ 2,00,000

2) Gratuity received = ₹ 17,00,000

3) Avg Salary of 10 months $\times \frac{15}{26}$
 \times years of service

$$= 65,000 \times \frac{15}{26} \times 32$$

$$= ₹ 11,99,999.999$$

$$\approx ₹ 12,00,000 \rightarrow \text{Exempt gratuity}$$

$$\begin{aligned} \therefore \text{Taxable gratuity} &= \text{Gratuity received} - \text{Exempt gratuity} \\ &= ₹ 17,00,000 - ₹ 12,00,000 \\ &= ₹ \underline{\underline{5,00,000}} \end{aligned}$$