

Actual Gratuity Received	17,00,000
<u>Less: Exempt Gratuity (least of following)</u>	
a) Actual Gratuity Received	
b) $\text{Avg Salary} \times \frac{15}{26} \times \text{No of years of service}$	12,00,000
c) Rs. 20,00,000	
Total Taxable Gratuity	<u><u>5,00,000</u></u>

$$\begin{aligned}\text{Avg Salary} &= \text{Basic} + \text{DA} \\ &= 42000 + 23000 = 65000\end{aligned}$$

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