

Calculation of exempt gratuity and taxable gratuity of Anil.

Actual gratuity received = 17,00,000

Exempt gratuity, is lower of

a) Actual gratuity, 17,00,000

b) Avg salary $\times \frac{15}{26} \times 32 = 12,00,000$ (12,00,000)

c) 20,00,000

Taxable gratuity 5,00,000

\therefore Exempt gratuity for Anil = 12,00,000

Taxable gratuity for Anil = 5,00,000

NOTE:-

$$\begin{aligned} \text{Average Salary} &= \text{Basic} + \text{DA} = 42,000 + 23,000 \\ &= \underline{\underline{65,000}} \end{aligned}$$