

Calculation of Exempt Gratuity (least of the following)

1) Actual Gratuity = 17,00,000

2) Calculated Gratuity
 $= (\text{Basic} + \text{DA}) \times \frac{15}{26} \times \text{No. of yrs}$

$= 65,000 \times \frac{15}{26} \times 32 = \underline{\underline{12,00,000}}$

3) 20,00,000

Exempt Gratuity = 12,00,000

Taxable Gratuity = 5,00,000