

Calculation of Exempt Gratuity and Taxable Gratuity of Mr. Anil

Actual gratuity received	17,00,000
Less: Exempt Gratuity (least of the following):	
a) Actual gratuity received	17,00,000
b) Calculated gratuity (note 1)	12,00,000
c) Rs 20,00,000	20,00,000
	(12,00,000)
Taxable Gratuity	<u>5,00,000</u>

\therefore Exempt Gratuity = Rs 12,00,000
 Taxable Gratuity = Rs 5,00,000

Note 1:

Calculated gratuity =

Average of last 10 months salary $\times \frac{15}{26} \times$ no. of years

$$(42,000 + 23,000) \times \frac{15}{26} \times 32$$

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

$$= \underline{\underline{\text{Rs } 12,00,000}}$$