

## Solution:

Name of the Taxpayer : Nasir  
Nation Tax Number : xxx  
Tax year : 2010  
Personal Status : Individual-salaried  
Residential Status : Resident

## Computation of Taxable Income:

### Salary Income

	Rs.
Basic salary (Rs. 70,500 * 12)	846,000
Rent of accommodation [N-1]	380,700
Utilities allowance (Rs. 12,000 * 12) [ N-2]	144,000
Medical benefits reimbursed [N-3]	Nil
Special gratuity [N-4]	Nil
Benefits on account of interest free loan [N-5]	18,000
Amount of loan waived off (25% of Rs. 200,000) [N-6]	50,000
<b>Taxable Income</b>	<b>1,438,700</b>
<b>Computation of Tax Liability</b>	
Tax liability for the year:	
Tax on Rs. 1,438,700@ 11%	<b>158,257</b>

## Notes:

N- 1 Higher of market rent or 45% of the basic salary shall be included in salary income.

FRM (Rs. 30,000 \* 12)                      Rs. 360,000

OR

45% of the basic salary                      Rs. 380,700

N- 2 Total utilities allowance is taxable

N- 3 Reimbursement of actual expense if exempt from tax

N- 4 Gratuity or special gratuity received from the approved gratuity fund is exempt

N- 5 Benefits on account of interest free loan is computed at the benchmark rate (i.e. 12 p.a.) for the period the loan remained unpaid

$$(Rs. 200,000 * 12\%) * 9/12 = Rs. 18,000$$

**N-6** Amount of loan waived off by the employer is considered as part of salary income of the employee and is taxable.