

B. Com Part - III 48
Sub. Taxation Law and Accounts
Income from Salary

Some Important Points Regarding Salaries

Following are the some important points regarding salaries —

1. Every types of remuneration paid by employer is called salary under Income Tax Act. There is no distinction between wages of labour and salaries of employee.
2. Employer — An employer may be an individual, a firm, company or any other institution.
3. Relationship — Every payment made by an employer to his employee for service rendered would be chargeable to tax as salaries.
4. Salary and Pension — Salary and Pension received from foreign Government are taxable under head 'Salaries'.
5. Receipt of Salary — An employee may get salary from more than one employer during a previous year. The total salary received by the assessee from all the employers shall be included in his salary.

- 6. Deductions from salary — An employee set salary from his employer after some deductions. All these deductions from salary by an employer shall be included in taxable salary under this head.
- 7. Salary of Partner — A salary of partner ~~received from~~ is ~~not~~ taxable under the head of Income from Trade or Profit from profession, under the head of salary, it is not taxable.
- 8. Tax-free salary — The meaning of tax free salary is that the employer shall pay income-tax on the salary of his employee.
- 9. Place of accrual of salary — Generally, the salary is deemed to be accrued at the place where the employee renders his services. But there is one exception of it. The salary paid by Indian Govt. to a citizen of India for servicing in foreign country, shall be deemed to be accrued in India although services have been rendered in abroad.

continues