

TAX TABLE NO. 05
Deduction of Tax on Cumulative Gains and Profits from Employment

01. This table should be applied in respect of employees (residents or citizens) whose monthly regular gains and profits from employment is less than Rs. 100,000/-, but **cumulative gains and profits from employment** up to any month of the year of assessment exceeds Rs. 1,200,000/- due to payment of higher regular gains and profits from employment in certain months.
02. Also, in the case where an employee commences employment or retires from the employment during the year of assessment, Tax Table No. 05 should be applied for deducting tax on employee's gains and profits from employment.
03. Tax deduction should be started from the month in which the cumulative gains and profits up to that month exceeds Rs. 1,200,000/-. Thereafter, tax deduction should be made monthly until end of the year of assessment, applying this table.

Summarized Tax Table - Cumulative Gains and Profits from Employment

Cumulative Gains and Profits from Employment (Taxable)	Tax
1. Cumulative gains and profits from employment up to Rs. 1,200,000/-	- Relief from Tax
2. Cumulative gains and profits from employment exceeding Rs. 1,200,000/- but not exceeding Rs. 1,700,000/-	- 6% of cumulative gains and profits from employment less Rs. 72,000/-
3. Cumulative gains and profits from employment exceeding Rs. 1,700,000/- but not exceeding Rs. 2,200,000/-	- 12% of cumulative gains and profits from employment less Rs. 174,000/-
4. Cumulative gains and profits from employment exceeding Rs. 2,200,000/- but not exceeding Rs. 2,700,000/-	- 18% of cumulative gains and profits from employment less Rs. 306,000/-
5. Cumulative gains and profits from employment exceeding Rs. 2,700,000/- but not exceeding Rs. 3,200,000/-	- 24% of cumulative gains and profits from employment less Rs. 468,000/-
5. Cumulative gains and profits from employment exceeding Rs. 3,200,000/- but not exceeding Rs. 3,700,000/-	- 30% of cumulative gains and profits from employment less Rs. 660,000/-
6. Cumulative gains and profits from employment exceeding Rs. 3,700,000/-	- 36% of cumulative gains and profits from employment less Rs. 882,000/-

Example 01:

Mr. Nadaraja is an employee of a private company and his monthly regular gains and profits from employment is less than Rs. 100,000. His cumulative gross regular profits from employment for the period from April 2023 to January 2024 (with bonus payment) is Rs. 1,300,000. His new monthly regular gains and profits from employment is Rs. 110,000 from February 2024, onwards.

Tax deductions should be made as follows:

January 2024

	<u>Rs</u>
Cumulative gross employment income from April 2023 to January 2024	1,300,000
Tax to be paid in January 2024 (as per Tax Table No. 05)	<u>6,000</u>

February 2024

Cumulative gross employment income from April 2023 to February 2024 (1,300,000+110,000)	1,410,000
Tax on Rs. 1,410,000 (as per Tax Table No. 05)	12,600
Less: Tax Charged in January 2024	<u>(6,000)</u>
Tax to be paid in February 2024	<u>6,600</u>

March 2024

<i>Cumulative gross employment income from April 2023 to March 2024 (1,410,000+110,000)</i>	<i>1,520,000</i>
<i>Tax on Rs. 1,520,000 (as per Tax Table No. 05)</i>	<i>19,200</i>
<i>Less: Tax Charged in January and February 2024 (6,000+6,600)</i>	<i><u>(12,600)</u></i>
<i>Tax to be paid in March 2024</i>	<i><u><u>6,600</u></u></i>