

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

01. In deducting tax from monthly regular taxable gains and profits from employment, Tax Table 1, 4, 6, or 7 should be applied, appropriately. This table should be applied in respect of employees (residents or citizens) whose monthly regular gains and profits from employment is less than Rs. 250,000/-, but **cumulative gains and profits from employment** up to any month in the year of assessment exceeds Rs. 3,000,000/- due to payment of higher regular gains and profits from employment in certain months. In such instances, Table No. 05 should be applied.
02. Also, in the case where an employee commences employment or retires during the year of assessment (earn regular gains and profits from employment for a period less than 12 months), Tax Table No. 05 should be applied for deducting tax on employee's gains and profits from employment.
03. Tax deduction should start from the month in which the cumulative gains and profits up to that month exceeds Rs. 3,000,000/-. Thereafter, tax deduction should be made monthly until end of the year of assessment, applying this table.

**Example:**

*Mr. Silva is an employee of a private institution and his monthly regular gains and profits from employment is generally less than Rs. 250,000. His cumulative gross regular profits from employment for the period from April 2020 to January 2021 (with bonus payment) is Rs. 3,105,000. His new monthly regular gains and profits from employment is Rs. 300,000 from February 2021, onwards.*

*Tax deductions should be made as follows:*

**2021 January**

	<u>Rs</u>
Cumulative gross employment income from April 2020 to January 2021	3,105,000
Tax to be paid in January (as per Tax Table No. 05)	<u>6,300</u>

**2021 February**

Cumulative gross employment income from April 2020 to February 2021	3,405,000
Tax on Rs. 3,405,000 (as per Tax Table No. 05)	24,300
Deduct: Tax Charged in January 2021	<u>(6,300)</u>
Tax to be paid in February	<u>18,000</u>

**2021 March**

Cumulative gross employment income from April 2020 to March 2021	3,705,000
Tax on Rs. 3,705,000 (as per Tax Table No. 05)	42,300
Deduct: Tax Charged in January & February (6,300 + 18,000)	<u>(24,300)</u>
Tax to be paid in March	<u>18,000</u>