

TAX TABLE No. 05

Deduction of tax on cumulative profits from Employment

01. In deducting tax from taxable profits from employment, Tax Table 1, 4, 6, or 7 should be applied, appropriately. This table should be applied in respect of employees whose monthly regular profits from employment is less than Rs. 100,000/-, but cumulative profits from employment up to any month in the year of assessment exceed Rs. 1,200,000/- due to payment of higher regular profits from employment in certain months. In such instances, Table No. 01 should not be applied.
02. Tax deduction should start from the month in which the cumulative profits up to that month exceed Rs.1,200,000/-. Thereafter tax deduction should be made monthly till end of the year of assessment, using this table.

Example:

Mr. Silva is an employee of a private institution and his monthly regular profits from employment is generally less than Rs. 100,000. His Gross regular profits from employment for the period from April 2018 to January 2019 Rs. 1,225,000. His New monthly Income is Rs. 140,000 from February 2019.

Tax deductions should be made as follows:

	<u>Rs.</u>
2019 January	
<i>Gross Employment income from April 2018 to January 2019</i>	1,225,000
<i>Tax chargeable in January</i>	<u>1,000</u>
2019 February	
<i>Gross Employment income from April 2018 to February 2019</i>	1,365,000
<i>Tax on Rs. 1,365,000</i>	6,600
<i>Tax Charged in January (Deducted)</i>	<u>(1,000)</u>
<i>Tax chargeable in February</i>	<u>5,600</u>
2019 March	
<i>Gross Employment income from April 2018 to March 2019</i>	1,505,000
<i>Tax on Rs. 1,505,000</i>	12,200
<i>Tax Charged in January & February (Deducted)</i>	<u>(6,600)</u>
<i>Tax chargeable in March</i>	<u>5,600</u>