

TAX TABLE “A”
Deduction of Tax on Cumulative Profits from Employment

1. This table should be applied on the gross payments (earnings) made to any employee of whom made a declaration of primary employment, which constitutes,
 - Monthly regular profits from the employment
 - Lump sum payments or
 - Cumulative profits from the employment including above payments
2. Above mentioned payments received from January 01, 2020 to March 31, 2020 (here in after referred for as “the period”) should be considered under this table.
3. The liability will arise for any employee whose **Aggregated Gross Payments** (hereinafter referred to as the “**AGP**”) for the period from the employment stated under clause 1 of this table exceed Rs. 750,000 or likely to exceed Rs. 750,000. Deduction of tax should be made in each month of the period one-third (1/3) of the total tax on the AGP for the period, by applying the Cumulative Tax Table.

The AGP for the Period refers to the Actual Gross Payments made until this month/s and Expected Gross Payments to be made in subsequent month/s of the period.

However, if the AGP for the Period which was considered in the month of January varies in February (due to the difference between the estimation of “Expected Gross Payments” in January and “Actual Gross Payments” made in February), deduction of tax should be made for February one-half of the balance (after crediting the tax deducted in January) on the revised AGP for the period.

If the AGP for the Period which was considered in the month of February varies in March (due to the difference between the estimation of “Expected Gross Payments” in February and “Actual Gross Payments” made in March), deduction of tax should be made for March the balance (after crediting the tax deducted in previous months) on the revised AGP for the period.

4. **Cumulative Tax Table**

The Cumulative Tax Table should be applied only for the period from January 01, 2020 to March 31, 2020 on the cumulative income of the period.

Monthly cumulative profits from employment (Taxable)	Tax
1. Cumulative profits from employment up to Rs. 750,000/-	- Exempt
2. Cumulative profits from employment exceeding Rs. 750,000/- but not Exceeding Rs. 1,500,000/-	- 6% of Cumulative profits from employment less Rs. 45,000/-
3. Cumulative profits from employment exceeding Rs. 1,500,000/- but not Exceeding Rs. 2,250,000/-	- 12% of Cumulative profits from employment less Rs. 135,000/-
4. Cumulative profits from employment exceeding Rs. 2,250,000/-	- 18% of Cumulative profits from employment less Rs 270,000/-

Example:

Mr. Silva is an employee in "Company X" and his monthly regular profits from employment (all inclusive) is Rs. 320,000. The institution expects to pay a bonus payment of Rs. 640,000 in February 2020.

Tax deductions should be made as follows:

PAYE calculation for the month January, 2020

Actual Gross Payments made for this month	Rs 320,000
Expected Gross payments in other months (320,000+640,000+320,000)	Rs <u>1,280,000</u>
AGP	Rs <u>1,600,000</u>
Total Tax = (1,600,000 x 12%) – 135,000 =	Rs <u>57,000</u>

[As Rs.1,600,000 falls within the income range in item 3 of the Cumulative Tax Table, the relevant tax rate is 12% less Rs. 135,000]

Tax to be paid for the each month = Rs 57,000 x 1/3 = Rs 19,000

Let's assume, the bonus paid in February is more than the expected amount .i.e. 700,000

PAYE calculation for the month February, 2020

Actual Gross Payments made upto this month (320,000+320,000+700,000)	Rs 1,340,000
Estimated payment for other month	Rs <u>320,000</u>
Revised AGP	Rs <u>1,660,000</u>
Total Tax = (1,660,000 x 12%) – 135,000 =	Rs <u>64,200</u>

Tax to be paid for February = 64,200 – 19000 (Tax deducted in January) x 1/2 = 22,600
(And March) Rs. 22,600

Let's assume, further unused leave pay Rs. 40,000 also paid in March

PAYE calculation for March, 2020

Re-Revised AGP (1,660,000 + 40,000)	Rs 1,700,000
Total Tax = (1,700,000 x 12%) – 135,000 =	Rs <u>69,000</u>

Tax to be paid for March = 69,000 – (19000 + 22,600) = Rs 27,400