

Tax Table No.2

Lump Sum Payments (Bonus etc.)

This table should be applied for deducting tax on lump sum payments (bonus etc.) received or derived by any resident employee who has given consent for deduction of tax or by any non-resident employee regardless of his consent, on the gains and profits from employment.

Following steps should be followed in computing the tax liability on the lump sum payments.

01. Tax Computation

The tax computation should be made as set out below.

Gross Monthly Income already paid in the Y/A x No. of months	(A)	xxxxxxxxxxx
Gross Monthly Income to be paid in the Y/A x No. of months	(B)	xxxxxxxxxxx
Lump sum Payment paid/payable during this month	(C)	<u>xxxxxxxxxxx</u>
Cumulative Expected Income for the Y/A	(D)	XXXXXXX

Tax payable for the month on the lump sum payment should be computed on the cumulative gains and profits in accordance with the Table given below.

02. Cumulative Tax Table

Cumulative Expected Income for the Y/A from the Employment (Rs.)	Tax
if (D) ≤ 3,000,000	Nil
3,000,000 < if (D) ≤ 6,000,000	(6% x D) – [180,000 + Aggregated Tax as per table 01 for each month in (A) & (B)]
6,000,000 < if (D) ≤ 9,000,000	(12% x D) – [540,000 + Aggregated Tax as per table 01 for each month in (A) & (B)]
9,000,000 < if (D)	(18% x D) – [1,080,000 + Aggregated Tax as per table 01 for each month in (A) & (B)]

Example

Mr. Silva is a resident employee of a private institution and his regular profits (remuneration) for each month is Rs 500,000 from employment (including non-Cash Benefits) and such remuneration for April 2020 was paid. He received a bonus payment of Rs. 2,500,000 also in April 2020.

Tax liability on the **bonus** should be computed as follows:

(Please note that on the regular profit, you have to compute the liability separately using Tax Table 01)

Tax Computation

	Rs.
Gross Monthly Income already paid in the Y/A (500,000 x 1)	(A) 500,000
Gross Monthly Income to be paid in the Y/A (500,000 x 11)	(B) 5,500,000
Lump sum Payment paid/payable during this month	(C) <u>2,500,000</u>
Cumulative Expected Income for the Y/A	(D) 8,500,000

Tax payable on the bonus for the month of April Rs. 300,000

[By applying the relevant tax rate in Cumulative tax table
(12% x 8,500,000) – [540,000 + 15,000 + (15,000 x 11)]