# Solidarity Levy Tax Withholding                                           ANNEX

## 1. Employee has submitted an EDF

Solidarity Levy (SL) has to be withheld from the emoluments of the employee on a cumulative basis at the rate of 25%. However, the maximum deduction is limited to 10% of the emoluments for the month.

The first Rs 3 million of an employee's leviable income is not liable to Solidarity Levy. For monthly SL calculation, employees are allowed a Solidarity Levy Exemption Threshold (SLET) of Rs 230,769 (Rs 3M/13). In December, in view of the end of year bonus, twice the monthly amount of SLET should be allowed.

|   |   | JUL | AUG | SEPT | OCT |
|---|---|---|---|---|---|
| 1 | Emoluments for the month | 225,000 | 325,000 | 325,000 | 2,725,000 |
| 2 | Cumulative emoluments | 225,000 | 550,000 | 875,000 | 3,600,000 |
| 3 | Less: taxable lump sum from pension fund |   |   |   | 500,000 |
| 4 | Less: Cumulative IET | 25,000 | 50,000 | 75,000 | 100,000 |
| 5 | **Cumulative Leviable Income** | 200,000 | 500,000 | 800,000 | 3,000,000 |
| 6 | Less: Cumulative SLET (Rs 3M/13)x number of pay periods | 230,769 | 461,538 | 692,307 | 923,076 |
| 7 | **Cumulative Taxable Leviable Income** | 0 | 38,462 | 107,693 | 2,076,924 |
| 8 | SL (25% of line 7) | 0 | 9,615 | 26,923 | 519,231 |
| 9 | Less: cumulative SL already charged | 0 | 0 | 9,615 | 26,923 |
| 10 | Balance |   | 9,615 | 17,308 | 492,308 |
| 11 | **SL for the month (balance at line 10 or 10% of line1, whichever is lower)** | 0 | 9,615 | 17,308 | 272,500 |

## 2. No EDF submitted

Where an employee has not submitted an EDF and his emoluments for any month exceed Rs 230,769, the employer should deduct Solidarity Levy at the rate of 25% of the amount in excess of Rs 230,769. However, maximum deduction is limited to 10% of the emoluments for the current month as set out in table below.

|   |   | JUL | AUG | SEP | OCT |
|---|---|---|---|---|---|
| 1 | **Emoluments for the month** | 225,000 | 325,000 | 325,000 | 2,725,000 |
| 2 | Less: taxable lump sum from pension fund |   |   |   | 500,000 |
| 3 | **Leviable Income** | 225,000 | 325,000 | 325,000 | 2,225,000 |
| 4 | Less: SLET (Rs 3M/13) | 230,769 | 230,769 | 230,769 | 230,769 |
| 5 | **Taxable Leviable Income** | 0 | 94,231 | 94,231 | 1,994,231 |
| 6 | **SL for the month (25% of line5 limited to 10% of line 1)** | 0 | 23,557 | 23,557 | 272,500 |