

NAME: AKINSANYA NIMATALAI OYINKANSOLA

MATRIC NO: 17/SMS02/007

DEPARTMENT: ACCOUNTING

QUESTION: ILLUSTRATION 3 ODD NUMBER

ANSWER:

MR. WILLI WILLI

COMPUTATION OF PERSONAL INCOME TAX LIABILITY  
FOR 2013 YEAR OF ASSESSMENT

	N	N
<b><u>EARNED INCOME:</u></b>		
Salary from caban bank		13,333,333
Basic salary 7/12 * 48,000,000	28,000,000	
Housing allowance	12,000,000	
Transport allowance	2,000,000	
Utility allowance	800,000	
Meal allowance	500,000	
Leave allowance	4,800,000	
Clothing allowance	<u>2,000,000</u>	50,100,000
<b><u>Benefit in kind:</u></b>		
Motor vehicle 5% * 7,500,000	<u>375,000</u>	<u>375,000</u>
<b>gross income</b>		63,808,333
<b><u>Reliefs and allowances</u></b>		
Consolidated relief allowance(higher of 200,000 or 1% of gross income plus 20%		
Of gross income)	13,399,750	

Life assurance	2,800,000	
NHF	4,900,000	
Pension scheme	1,166,667	
NHS premium	<u>350,000</u>	<u>(22,616,417)</u>
Taxable income		41,191,916

Assumption of tax liability	(3,200,000)
Applying tax table	₦
1 <sup>st</sup> 300,000 @ 7 %	21,000
Next 300,000 @ 11%	33,000
Next 500,000 @ 15%	75,000
Next 500,000 @ 19%	95,000
Next 1,600,000 @ 21%	336,000
Above 3,200,000 @ 24%	<u>9,118,060</u>
Annual tax liability	9,678,060

#### Workings

Consolidated relief allowance    1% \* 63,808,333 =    638,083

20% \* 63,808,333 = +1,276,667

13,399,750

The total tax liability    = 9,678,060