FINAL ACCOUNT

Managerial remuneration

If sufficient profits

% of commission calculated on profits

- Overall 11%
- Individual basis
  - M.D / WTD/ Manager
    - **Only one-5%**
    - **More than one -10%**
  - Other Director

If no sufficient profits

Remuneration on based on Eff. Cap employed*

If Eff. Cap.	Rem. (for all)
< 5 crore	60 Lac P.A.
5 to 100 crore	84 Lac P.A.
100 to 250 cr	120 Lac P.A.

more than 250 cr – 120L + 0.01% of eff. Cap.

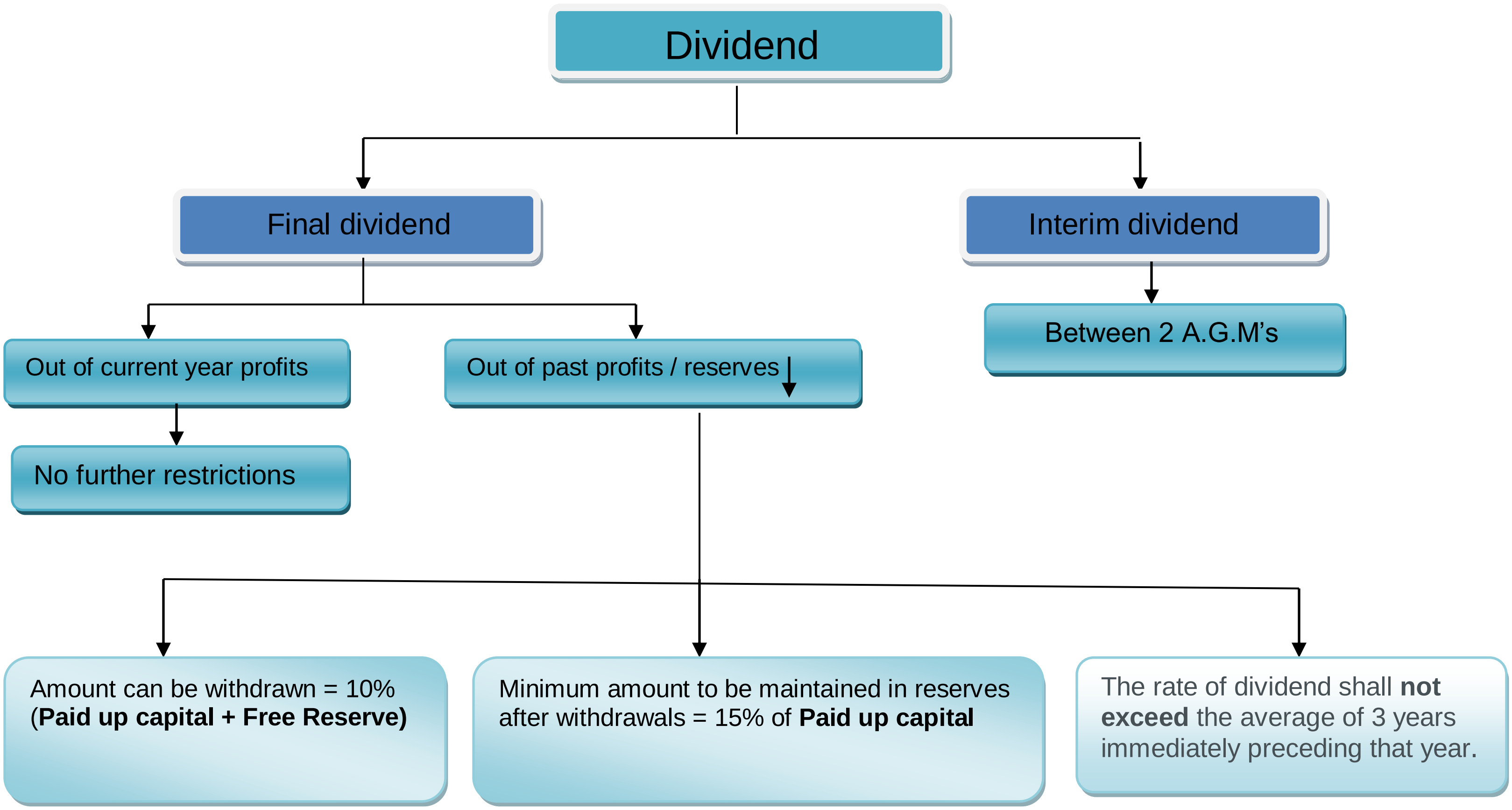
***Eff. Cap employed**
Paid up capital
+ Securities Premium
+ Reserves & Surplus
+ LT loans & Deposits
(-) Acc. Losses
(-) Prel. Exp not written off
(-) Invt. (if it is not an investment company)

Calculation of Profit for Remuneration

From : GP:
Add: other Income
Government Subsidy
Less: Expenses
- Director Fees
- Normal Expenses
- Contribution trust (5% if any profits of preceding years)
- Depreciation (as per act)
- Compensation (legal)

From : NP
Add: Expenses
- Income tax
- Capital Loss
- Voluntary Compensation

Less: Incomes
- Any Capital Profits
- Any Appropriations



NOTES

1. With effect from 1st Oct, 2014 dividend and income distribution tax is leviable on gross dividend / income and not on the net dividend / income distributed to shareholders and unit holders as per Income- tax Act, 1961.
2. The rate of DDT is fifteen per cent (excluding surcharge of 12% plus secondary and higher education cess is (2+1) 3%).

<u>Alternatively (Short Cut)</u>

We can apply the direct rate of 20.36%(appx.) on net dividend payable to shareholders which is inclusive of surcharge(12%) and educational cess(3%)

Grossing up of Rate of Dividend (15/85*100)	=	17.65%
Add: surcharge @ 12% on rate of dividend	=	02.12%
Add cess @3% (2%+1%) on total	=	<u>00.59%</u>
Total applicable rate	=	<u>20.36%</u>

Dividend should not be declared out of the securities premium account or the Capital redemption reserve account or revaluation reserve or Amalgamation reserve or out profit on re-issue of forfeited shares or out of profit earned profit to the incorporation of the company