Bellow proposed method for deducting tax from incentive voucher (Against CCF No.: CCF No. CQ14/CS6011 - A14CSUN001) is derived based on discussion on phone in past few days. Request you to verify all points of proposed method mentioned bellow and let us know if anything is wrong or any further care/provision to be taken:

1. Income tax is to be processed and deducted from all incentive vouchers, regardless period of incentive voucher (i.e. if incentive voucher is generated in June or March). This should not be parameterized.
2. System will take time in generation of incentive voucher as during voucher generation, system has to do payroll projection, income tax processing and deduction the income tax from incentive voucher
3. Calculation of income tax , which need to deduct from incentive voucher, is to be calculated on prorate of taxable amount (On which tax is to be calculated), total tax and incentive amount as follows and not as mentioned in CCF:

Tax on Incentive Amount = (Total Tax liability \* Incentive Amount) / Taxable Amount

Tax on Incentive Amount should be rounded to near rupee

For example :

Incentive Amount : Rs. 25,000/=

Taxable Amount: Rs. 9,15,575/= (Including Incentive Amount)

Tax Liability on Taxable Amount : Rs. 1,33,115/=

Tax to be deducted from Incentive Amount = (1,33,115 \* 25,000 ) / 9,15,575

Tax to be deducted from Incentive Amount =3634.74=3635

1. Is there any provision required to stop the deduction of tax in incentive voucher?