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INCOME-TAX ACT, 2025

B: Salaries

**Section 18 - Profits in lieu of salary.**

(1) For the purposes of this Part, “profits *in lieu* of salary” includes,—

(a) the amount of any compensation due to, or received by, an assessee from his employer or former employer at or in connection with the—

(i) termination of his employment; or

(ii) modification of the terms and conditions relating thereto;

(b) any amount due to, or received, whether in lump sum or otherwise, by any assessee from any person—

(i) before his joining any employment with that person; or

(ii) after cessation of his employment with that person;

(c) any payment due to or received by an assessee—

(i) from an employer or a former employer; or

(ii) from a provident or other fund, to the extent to which it does not consist of contributions by the assessee or interest on such contributions; or

(iii) any sum received under a Keyman insurance policy as defined in Schedule II (Note 1), including the sum allocated by way of bonus on such policy.

(2) The payment referred in sub-section (1)(c) shall not include any payment referred to in––

(a) Schedule II (Table: Sl. No. 3);

(b) Schedule II (Table: Sl. No. 4);

(c) Schedule II (Table: Sl. No. 8); and

(d) Schedule III (Table: Sl. No. 11).

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