

UNION BUDGET 2010-11 – BULLETIN III**Direct Taxes****INCOME TAX (A.Y. 2011-12)****A. Individual, Hindu undivided family, association of persons, body of individuals, artificial juridical person**

The basic exemption limits and the rates of income-tax will continue to be the same as those specified for assessment year 2010-11. However, the tax slabs are revised as under:—

MALE RESIDENT INDIVIDUAL

SLAB	INCOME TAX RATE
Upto Rs. 1,60,000	Nil.
Rs. 1,60,001 to Rs. 5,00,000	10 per cent.
Rs. 5,00,001 to Rs. 8,00,000	20 per cent.
Above Rs. 8,00,000	30 per cent.

FEMALE RESIDENT INDIVIDUAL

In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous year,—

SLAB	INCOME TAX RATE
Upto Rs. 1,90,000	Nil.
Rs. 1,90,001 to Rs. 5,00,000	10 per cent.
Rs. 5,00,001 to Rs. 8,00,000	20 per cent.
Above Rs. 8,00,000	30 per cent.

SENIOR CITIZEN

In the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year,—

SLAB	INCOME TAX RATE
Upto Rs. 2,40,000	Nil.
Rs. 2,40,001 to Rs. 5,00,000	10 per cent.
Rs. 5,00,001 to Rs. 8,00,000	20 per cent.
Above Rs. 8,00,000	30 per cent.

No Surcharge on above slabs.

Deduction in respect of long-term infrastructure bonds

In tune with the policy thrust of promoting investment in the infrastructure sector, it is proposed to insert a new section 80CCF in the Income-tax Act to provide that subscription during the financial year 2010-11 made to long-term infrastructure bonds (as may be notified by the Central Government), to the extent of Rs. 20,000, shall be allowed as deduction in computing the income of an individual or a Hindu undivided family. This deduction will be over and above the existing overall limit of tax deduction on savings of upto Rs.1 lakh under section 80C, 80CCC and 80CCD of the Act.

This amendment is proposed to take effect from 1st April, 2011 and will, accordingly, apply in relation to the assessment year 2011-12.

Deduction in respect of contribution to the Central Government Health Scheme

Under the existing provisions of section 80D, deduction in respect of premium paid towards a health insurance policy upto a maximum of Rs. 15,000 is available for self, spouse and dependent children. A further deduction of Rs. 15,000 is also allowed for buying an insurance policy in respect of dependent parents. The deduction is enhanced to Rs. 20,000 in both cases if the person insured is of age of 65 years or above.

The Central Government Health Scheme (CGHS) is a medical facility available to serving and retired Government servants. This facility is similar to the facilities available through health insurance policies. It is, therefore, proposed to also allow deduction in respect of any contribution made to CGHS by including such contribution under the provisions of section 80D. The deduction will be limited to the current aggregate as mentioned in the section.

This amendment is proposed to take effect from 1st April, 2011 and will, accordingly, apply in relation to the assessment year 2011-12 and subsequent years.

B. Co-operative Societies

These rates will continue to be the same as those specified for assessment year 2010-11. No surcharge will be levied.

C. Firms

This rate will continue to be the same as that specified for assessment year 2010-11. No surcharge shall be levied.

E. Companies

These rates are the same as those specified for the assessment year 2010-11.

The existing surcharge of ten per cent on a domestic company is proposed to be reduced to seven and one-half per cent. In case of companies other than domestic companies, the surcharge shall be levied at the same rate and subject to the same conditions as were applicable for the assessment year 2010-11.

However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

The existing surcharge of ten per cent in all other cases (including sections 15JB, 115-O, 15R, etc.) is proposed to be reduced to seven and one-half per cent.

For financial year 2010-11, additional surcharge called the **“Education Cess on income-tax”** and **“Secondary and Higher Education Cess on income-tax”** shall continue to be levied at the **rate of two per cent. and one per cent. respectively**, on the amount of tax computed, inclusive of surcharge, in all cases. No marginal relief shall be available in respect of such Cess.

Rate of Minimum Alternate Tax (MAT) increased from the current rate of 15 per cent to 18 per cent of book profits.

To facilitate the conversion of small companies into Limited Liability Partnerships, transfer of assets as a result of such conversion not to be subject to capital gains tax.

The advancement of any other object of general public utility" to be considered as "charitable purpose" even if it involves carrying on of any activity in the nature of trade, commerce or business provided that the receipts from such activities do not exceed Rs.10 lakhs in the year .

Small Business Turnover Limit Increased – Section 44 AB

A. Under the existing provisions of section 44AB, every person carrying on business is required to get his accounts audited if the total sales, turnover or gross receipts in business exceed forty lakh rupees in the previous year. Similarly, a person carrying on a profession is required to get his accounts audited if the gross receipts in profession exceed ten lakh rupees in the previous year.

In order to reduce compliance burden of small businesses and professionals, it is proposed to increase the ***aforsaid threshold limit from forty lakh rupees to sixty lakh rupees in the case of persons carrying on business and from ten lakh rupees to fifteen lakh rupees in the case of persons carrying on profession.***

B. In view of the amendment proposed above, it is also proposed to increase the **maximum penalty, leviable under section 271 B for failure to get accounts audited under section 44AB or to furnish a report of such audit, from one lakh rupees to one lakh fifty thousand rupees.**

C. It is also proposed that for the purpose of presumptive taxation under **section 44AD, the threshold limit of total turnover or gross receipts would be increased from forty lakh rupees to sixty lakh rupees.**

These amendments are proposed to take effect from 1st April, 2011 and will, accordingly, apply in relation to the assessment year 2011-12 and subsequent years.

Rationalisation of provisions relating to Tax Deduction at Source (TDS)

Prescribed threshold limit for payments mentioned in sections 194B, 194BB, 194C, 194D, 194H, 194-I and 194J as under:

<i>Sl. No.</i>	<i>Section</i>	<i>Nature of payment</i>	<i>Existing threshold limit (Rupees)</i>	<i>Proposed threshold (Rupees)</i>
1.	194B	Winnings from lottery or crossword puzzle	5,000	10,000
2.	194BB	Winnings from horse race	2,500	5,000
3.	194C	Payment to contractors	20,000 (for a single transaction) 50,000 (for aggregate of transactions during financial year)	30,000 (for a single transaction) 75,000 (for aggregate of transactions during financial year)
4.	194D	Insurance commission	5,000	20,000
5.	194H	Commission or Brokerage	2,500	5,000
6.	194-I	Rent	1,20,000	1,80,000
7.	194J	Fees for professional or tech. services	20,000	30,000

These amendments are proposed to take effect from 1st July, 2010.

Certificate of Tax Deduction at Source (TDS) and Tax Collection at Source(TCS)

The existing provisions of section 203(3) of the Income-tax Act dispense with the requirement of furnishing of TDS certificates by the deductor to the deductee on or after 1st April, 2010. Similarly, under section 206C(5) of the Act, a collector of tax at source will also not be required to issue tax collection certificate to the person from whom tax has been collected on or after 1st April, 2010.

Considering the fact that the TDS/TCS certificate constitutes an important document for the deductee/collectee, it is proposed that the deductor/collector will continue to furnish TDS/TCS certificates to the deductee/collectee even after 1st April, 2010 .

These amendments are proposed to take effect retrospectively from 1st April, 2010.

TDS – Disallowance of Expenditure On Account of Non Compliance With TDS Provisions

If tax has been deducted on payment by way of any expense and is paid before the due date of filing the return, such expenditure to be allowed for deduction. Interest charged on tax deducted but not deposited by the specified date to be increased from 12 per cent to 18 per cent per annum.

This amendment is proposed to take effect from 1st July, 2010.

For Federation of Corrugated Box Manufacturers Of India

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