

DIRECT TAX READY REFERENCE

(AS AMENDED BY FINANCE ACT 2009)

TAX STRUCTURE - INCOME

INDIVIDUAL / HUF / AOP / BOI	ASSESSMENT YEARS					
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Basic Exemption	50000 ¹	100000 ²	100000 ³	110000 ³	150000 ⁴	160000 ⁵
50000 to 60000	10%	NIL	NIL	NIL	NIL	NIL
60000 to 100000	20%	NIL	NIL	NIL	NIL	NIL
100000 to 150000	20%	10%	10%	10%	NIL	NIL
150000 to 250000	30%	20%	20%	20%	10%	10%
250000 to 300000	30%	30%	30%	30%	10%	10%
300000 to 500000	30%	30%	30%	30%	20%	20%
ABOVE 500000	30%	30%	30%	30%	30%	30%

Surcharge (SC)

Income	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
10 ¹	10 ²	10 ²	10 ²	10 ²	10 ²	—

¹SC leviable if Income exceeds 8.5 L ² SC leviable if Income exceeds 10 L
³ Rebate u/s 80D (only for A.Y.2005-06) - Applicable for individual assessee whose total income does not exceed 1L shall be allowed 100% tax rebate. However if income exceeds 1L, rebate shall be amount equal to the amount by which the Income Tax Payable is in excess of the amt. by which the total income exceeds Rs.1 L i.e. Tax on N.I.-(N.I.-100000)
⁴ For Senior Citizen -- Basic Exempt Limit 1.85 L; Women below Age 65 yrs -- Basic Exempt Limit 1.35 L ⁵ For Senior Citizen -- Basic Exempt Limit 1.95 L; Women below Age 65 yrs -- Basic Exempt Limit 1.45 L
⁶ For Senior Citizen -- Basic Exempt Limit 2.25 Lakh, women below age 65 yrs -- Basic exempt limit 1.80L
⁷ For Senior Citizen -- Basic Exempt Limit 2.40 Lakh, women below age 65 yrs -- Basic exempt limit 1.90L

FIRM / LLP*** - TAX RATE	35%	30%	30%	30%	30%	30%
Surcharge	2.5%	10%	10%	0%*	0%*	—
DOMESTIC CO. - TAX RATE	35%	30%	30%	30%	30%	30%
Min. Alt. Tax (MAT) (% of Book Profit)	7.5%	7.5%	10%	10%	10%	15%
DIV. TAX U/S 115-C	12.5%	12.5%	12.5%	15%**	15%**	15%**
Surcharge	2.5%	10%	10%	0%*	0%*	0%*

* If net income exceeds 1 Crore than SC 10% ** In case of DIV. Tax -- SC is 10% *** Applicable from Asst. Yr. 2010-11
 EDUCATION CESS : @ 2% OF I. TAX & S.C. FROM ASST. YR. 2005-06 & 2% E.CESS + 1% S.H.E. CESS W.E.F. ASST. YR. 2008-09

SALARY

Standard Deduction
 2004-05 to 2005-06 Income <1.5Lac - 33% or 30000, >1.5Lac<3Lac - 33% or 25000/-, >3Lac<5Lac - 33% or 20000, >5Lac - Nil
 From 2006-07 No Std. Deduction shall be allowed
Transport Allowance : Rs. 800/- p.m.
House Rent Allowance : Least of the following is exempt from tax
 i) 50% of (Salary + DA) for metro / 40% of salary for other cities ii) HRA received iii) Rent paid -10% of salary
Valuation of unfurnished rent free accommodation | Rule - 3(1)| for private sector employee.
 Population exceeding 25Lac - 15% of salary (Basic + DA + Bonus + all taxable allowance)
 Exceeding 10Lac but not exceeding 25Lac - 10% of salary (Basic + DA + Bonus + all taxable allowance)
 Any other - 7.5% of salary (Basic + DA + Bonus + all taxable allowance)

HOUSE PROPERTY

Only two deduction u/s 24 :
 i) Standard deduction u/s 24(a) - 30% of Net Annual Value
 ii) Interest on borrowed capital - u/s 24(b)
 a) Interest payment for self occupied house for acquisition or construction upto Rs. 1,50,000/-
 b) Interest payment for re-construction, repairs or renewals upto Rs. 30,000/-

CAPITAL GAIN

LTCG - Equity shares / units of equity oriented mutual fund if chargeable to STT - Exempt
 - Listed Security (Equity Share / Preference Share / Debenture / Government security) other than above
 Option - I) (Without indexation) - 10%
 Option - II) (With indexation) - 20%
 - Other than above capital assets 20%
STCG - Equity shares / units of equity oriented mutual fund if chargeable to STT - 15% (10% upto AY 2008-09)
 - Other than above capital assets - Normal rate (like other income)

Note : Deduction u/s 80C to 80U not available in capital gain.

Long Term Capital Gain - Exemption	u/s 54	u/s 54EC	u/s 54F
A Who can claim exemption	Ind/HUF	Any person	Ind/HUF
B Eligible assets sold	A residential House property	Any long-term capital assets	Any LT asset (other than a residential house property) provided on the date of transfer the taxpayer does not own more than one residential house property from the assessment year 2001-02 (except the new house)
C Assets to be acquired for exemption	Residential house property	Bond of NHAI or REC	Residential house property
D Time limit for acquiring the new assets	Purchase : 1 year back or 2 year forward, Construction : 3 year forward	6 months forward	Purchase : 1 year back or 2 year forward, Construction : 3 year forward
E Exemption Amount	Investment in the new assets or capital gain, which ever is lower	Investment in the new assets or capital gain, which ever is lower	Investment in the new assets or capital gain, which ever is lower X Capital Gain Net Sale consideration
F Whether "Capital gain deposit account scheme" applicable	Yes	No	Yes

OTHER SOURCES :

Receipts without consideration Exceeding Rs. 50000/- to be treated as income u/s 56(2) :
 Gift received on after 1-4-2008 but before 1-10-2009 exceeding Rs. 50000/- without consideration by an Indv / HUF from any person will be treated as Income from other sources.
w.e.f. 01.10.2009 Five categories of Gift exceeding Rs. 50,000/- without consideration chargeable to tax
 Category 1 : Any sum of money.
 Category 2 : Immovable property without consideration.
 Category 3 : Immovable property for a consideration which is less than the stamp duty value.
 Category 4 : Movable property without consideration.
 Category 5 : Movable property for a consideration which is less than fair market value.
 If satisfies the following conditions
 - Received by individual/HUF
 - Received on or after 01/10/2009
 - Gift fall in any of the above five categories
 - Gift does not fall in exempted categories.

Exempted categories from relative/under will or inheritance /on Marriage/ In Death /Local Auth./u/s 10(23C)
Meaning of relative - Spouse of the individual/Brother or Sister of the individual / Brother or Sister of the Spouse of the individual/Brother or Sister of either of the parents of the individual /any lineal ascendent or descendent of the individual / any lineal ascendent or descendent of spouse of the individual / spouse of the person above.

NSC (Int. accr. on Rs.1000/-)	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.	6th Yr.
Purchased on or after						
on / after 01-03-01 to 28-02-02	97.20	106.70	117.10	128.50	141.00	154.70
on / after 01-03-02 to 28-02-03	92.00	100.50	109.70	119.80	130.90	142.90
on / after 01-03-03	81.60	88.30	95.50	103.30	111.70	120.80

DEDUCTIONS

	U/S	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
LIC / NSC / PPF / Tuition Fee	80C	NIL	100000	100000*	100000*	100000*	100000*
Pension Fund	80CCC	10000	10000	100000*	100000*	100000*	100000*
Mediclaime	80D	10000	10000	10000	15000*	15000*	15000*
For Sr.Citizen		15000	15000	15000	20000	20000*	20000*
Donation	80G	---	50% of (Donation or 10% of adjusted GTI whichever is lower) ---				
Rent Paid	80GG	Lower of (i) Rent paid -10% of total Income, (ii) 25% of the total income (iii) Rs. 2000/- per month.					

* Deduction u/s 80L & Rebate u/s 88, 89B, 89C discontinued from Asst. Yr. 2006-07
 Rebate u/s 88E discontinued from Asst. Yr. 2009-10 (STT to be deducted u/s 36 (i) (xv))

DEPRECIATION

TANGIBLE ASSETS	AY 2006-07 Onward	Co's Act	RETURN DUE	Due date
COMPUTER HW & S/W	60%	40%	Corporate Assessee :	30th Sept.
PLANT & MACHINERY	15%	13.91%	Assessee business income & required to be audited :	30th Sept.
FURNITURE & FIXTURE	10%	18.1%	Working Partner of a Firm whose A/cs are required to be audited :	30th Sept.
CAR & VEHICLES	15%	25.89%	Other Assessee :	31st July
BUILDING - NON RESIDENTIAL	10%	10%	Loss Return u/s 139(3)	As per time u/s 139(1)
RESIDENTIAL	5%	5%		
CAR & VEHICLES USED ON HIRE	30%	40%		

INTANGIBLE ASSETS:
 KNOW HOW, PATENTS, COPYRIGHT, TRADEMARKS 25% ---
LT Act Dep. - If assets is put to use less than 180 days During the year - Half of usual depreciation.
Co. Act Dep. - Pro rata basis from the date of addition or up to date of sale/discarded.
Belated Return u/s 139(4) Within 1 year from the end of Ass. year or before completion of Assessment
Revised Return u/s 139(5) Within 1 year from the end of Ass. year or before completion of Assessment
Compulsory electronic filing of I.T.
Return:- All companies & Firm having tax audit

TDS CHART (w.e.f. F.Y. 2009-10)

Nature of Payment made to Resident	Limit	TDS Rate (SC & Cess Nil)
194A - Interest other than Interest on securities	5000*	10
194C - Payment to a Contractor / Sub Contractor -		
- Payment to Contractor (Advertising Contract) (up to Sept 30, 2009)	20000**	1
- Payment to Contractor (Other than Advertising Contract) (up to Sept 30, 2009)	20000**	2
- Payment to Sub-Contractor (up to Sept 30, 2009)	20000**	1
- Payment to an Ind/HUF (Contractor/Sub Contractor) (wef.01/10/2009)	20000**	1
- Payment to any person other than Ind/HUF (Contractor/Sub Contractor) (wef.01/10/2009)	20000**	2
194H - Commission or Brokerage	2500	10
194J - Rent		
- Rent of Plant, Machinery or Equipment (up to Sept 30, 2009)	120000	10
- Rent of Land, Building or Furniture to an Individual/HUF (up to Sept 30, 2009)	120000	15
- Rent of Land, Building or Furniture to a person other than Ind/HUF (up to Sept 30, 2009)	120000	20
- Rent of Plant and Machinery (w.e.f. Oct 1, 2009)	120000	2
- Rent of Land or Building or Furniture or Fitting (wef.01/10/2009)	120000	10
194J - Fee for Professional or Technical services	20000	10

* For Banks/Post Office threshold limit is Rs. 10000 ** Rs.20000 in a single payment or Rs. 50000 in the aggregate during financial year
 Note: 1. Cess is applicable for TDS purpose in Salary only
 2. If recipient is a transporter contractor (any person) and he or it furnishes his PAN to the deductor, tax is not deductible. (wef. 01/04/2010)(PAN intimated to IT.Dept)
 3. If recipient does not furnish his PAN to deductor, tax will deducted @20%(wef. 01/04/2010)

RETURN FOR TDS : to be filled quarterly by 15th of July / Oct / Jan & June

Interest on failure to deduct or pay tax at source u/s 201 (1A) - 1%PM or part thereof.
TDS DEFAULT [u/s 40 (a) (ia)] - Total disallowance of expense if TDS not paid within due date, will be allowed in the yr when TDS paid. TDS of the March month not deposited by assessee within due date of submission of Return of income [u/s 139 (1)] - the expenses not deductible.

COST INFLATION INDEX

F.Year	Index	F.Year	Index	F.Year	Index	F.Year	Index
1981-82	100	1988-89	161	1995-96	281	2002-03	447
1982-83	109	1989-90	172	1996-97	305	2003-04	463
1983-84	116	1990-91	182	1997-98	331	2004-05	480
1984-85	125	1991-92	199	1998-99	351	2005-06	497
1985-86	133	1992-93	223	1999-00	389	2006-07	519
1986-87	140	1993-94	244	2000-01	406	2007-08	551
1987-88	150	1994-95	259	2001-02	426	2008-09	582

INTEREST TAX (No more applicable w.e.f. 01-04-2000)		WEALTH TAX	
Asst Yr.	Rate	Asst Yr.	Rate
(On Chargeable Interest)	Due	1995-96 to 2009-10	15 Lac 1%
1992-93 to 1997-98	3%	from 2010-11	30 Lac 1%
1989-99 to 2000-01	2%		Surcharge - Nil Education Cess - Nil
			GIFT TAX (No more applicable w.e.f. 01-10-1998)
		Asst Yr.	Exemption
		1995-96 to 1998-99	30,000/-
			Rate
			30%

ADVANCE INCOME TAX

Due Date -	Company	Others	Due Date	Company	Others
By 15th June	< 15%	NIL	By 15th Dec.	<30%	< 30%
By 15th Sept.	< 30%	< 30%	By 15th Mar.	<25%	< 40%

TAXATION OF FIRMS / LLP

- There will be no distinction between RF & URF from Ass. Yr. 1993-94 onwards.
- Interest on capital of partners be allowed upto 12% P.A. as deductions.
- Share of profit of the partners in the income of the Firm will be exempt in the hands of the Partner.
- Any Salary, Bonus, Commission by whatever name paid to the working partners allowed as deduction subject to limit specified below if authorised by, and is in accordance with, the terms of the partnership deed. Upto Ass. Year. 2009-10

Firm carrying on	Prof.	Firm carrying on	Buss.
a) On the 1st Book Profit	50000/- or	a) On the 1st Book Profit	50000/- or
of Rs. 1 Lac or Loss	90%	of Rs.75000/- or Loss	90%
b) Next 1 Lac	60%	b) Next 75,000/-	60%
c) Balance	40%	c) Balance	40%

Partners Remuneration u/s 40(b) w.e.f. Asst. Yr. 2010-11

Book Profit of Business/ Profession	Amount deductible
* If book profit is negative	Rs. 1,50,000
* In case book profit is positive - On first Rs.3 lakh of book profit	Rs.1,50,000 or 90% of book profit, whichever is more
On the balance of the book profit	60% of book profit

IMPORTANT PROVISIONS :

- Compulsory Filing of Income Tax Return u/s 139
 - Any Company ii) All Partnership Firms, iii) All Person (without claiming deduction u/s 10A, 10B, 10BA, 80C to 80G) except the amount of exemption slab.
- Provision relating to expenditure in earlier year payment made after 01/4/2007 otherwise that A/c payee Chq. liable for total allowance u/s 40A(3) - will be deemed to be business income in the year of payment/charitable institute registered under 12AA. w.e.f. 1.01/10/2009 the monetary limit of Rs.20000 under the 40A(3) has been raised to Rs.35000 in case of payment made for plying, hiring or leasing goods carriages, for other payments, the limit of Rs.20000 will continue.
- Time limit for service of notice for scrutiny assessment - within 6 month from the end of the financial year in which return is furnished.
- Exemption u/s 10A and 10B extended for one more year, ie, exemption will be available upto Asst. Yr. 2011-12

PENALTY :

- 271 (1) (b) - Failure to comply with notice u/s 115WD(2), 115WE(2), 142(1) & 143(2) Rs. 10,000/- for each failure.
- 271 (1) (c) - Concealment of particulars of Income Tax / FBT - 100% to 300% of Amt. of Tax Sought to be evaded.
- 271 F - Failure to furnish return of Income as required by Section 139 before the end of the relevant AY - Rs. 5,000/-
- 271 FB - Failure to furnish return of fringe benefits - Rs. 100/- for each day of default.
- 272A (1) (C) - Failure to comply with summons issued u/s 131(1) - Rs. 10,000/- for each default.

MINIMUM ALTERNATE TAX - (Sec. 115Bb)

- In calculation of Book Profit - Income Tax / Deferred Tax / Dividend Tax & their interest & cess if debited in P/L - to be added back, whereas, STT, BCTT, CTT, Wealth Tax, FBT, Indirect Tax if debited in P/L - not to be added back.
- MAT credit available for 10 years.

FRINGE BENEFIT TAX (FBT) U/S 115W TO 115WL (wef. A.Y. 2006-07)

(Abolished from Ass. Year 2010-11)
 The value of fringe benefits @ 30% as provided in Sec. 115WA. The fringe benefit tax is payable by the employer even where he is not liable to pay income tax on his total income computed in accordance with the other provisions of this Act. Employer means - Company; Firm; AOP / BOI; Local Authority; Every artificial Juridical Person.

DEEMED FRINGE BENEFIT :

The fringe benefits shall be deemed to have been provided if the employer has incurred any expense or made any payment for the purposes of following :
 ASS. YEAR

	06-07	07-08	08-09	09-10
Entertainment				
Provision of hospitality, excluding food or beverages provided to employees in office or factory Conference				
Sales promotion including publicity				
Employee Welfare	20%	20%	20%	20%
Conveyance				
Hotel, Boarding & Lodging				
Repair, Running & Maintenance of Motor Car				
Repair, Running & Maintenance of Aircraft				
Use of Telephone				
Tour & Travel including Foreign Travel Expenses	20%	5%	5%	5%
Festival Celebration	50%	50%	50%	20%
Maintenance of Guest House	50%	50%	50%	---
Use of Health Club & similar facilities				
Use of any other Club Facilities				
Gifts	50%	50%	50%	50%
Scholarship to the children of the employees				

RETURN OF FBT : Every Employer who has paid (or provided) FBT, submit return If employer is company or who's a/c's. Reqd. to be audited
 Any other Person. 30th Sept 31st July

SURCHARGE ON FBT : 10% for Firm or Company Irrespective of Quantum of Fringe Benefit or Income

FRINGE BENEFIT TAX IS NOT A DEDUCTIBLE EXP. BY VIRTUE OF SEC. 40(a) (i)

SERVICE TAX