



27.02.2010

Dear Sir ,

Warm greetings to you for nearing completion of a Challenging Financial year 2009-10. For planning your finances for the year 2010-11 , the tax proposals for the respective year is of immense importance to you.

The much awaited Budget for the year 2010-11 has been presented by our Finance Minister in the Parliament on 26.02.2010.

A Snapshot of the Important Income-tax Proposals are attached herewith for your Information and perusal.

Kindly feel free to revert back to us in case of any queries and clarifications in the tax proposals.

You can contact us at sridharca@gmail.com with your valuable feedbacks.

Assuring you of our best and prompt services at all times.

For **B S SRIDHAR & CO.,**
CHARTERED ACCOUNTANTS





TAX PROPOSALS FOR THE YEAR 2010-11

RATES OF INCOME TAX

✓ IN CASE OF RESIDENT INDIVIDUALS & HUF BELOW 65 YEARS OF AGE

<u>Income Level</u>	<u>Rate of Tax</u>
Upto Rs.1,60,000	Nil
Rs. 1,60,001 to Rs. 5,00,000	10%
Rs. 5,00,001 to Rs. 8,00,000	20%
Above Rs. 8,00,000	30%

IN CASE OF RESIDENT WOMAN BELOW 65 YEARS OF AGE

<u>Income Level</u>	<u>Rate of Tax</u>
Upto Rs.1,90,000	Nil
Rs. 1,90,001 to Rs. 5,00,000	10%
Rs. 5,00,001 to Rs. 8,00,000	20%
Above Rs. 8,00,000	30%

IN CASE OF ASSESSEES ABOVE 65 YEARS OF AGE (SENIOR CITIZENS)

<u>Income Level</u>	<u>Rate of Tax</u>
Upto Rs.2,40,000	Nil
Rs. 2,40,001 to Rs. 5,00,000	10%
Rs. 5,00,001 to Rs. 8,00,000	20%
Above Rs. 8,00,000	30%

No Surcharge for all the above Categories

- IN CASE OF PARTNERSHIP FIRMS / LLPs

The Rate of Income Tax continues to be @ 30%. Surcharge shall be NIL

- IN CASE OF COMPANIES

The Rate of Income Tax continues to be @ 30%. Surcharge has been reduced from 10% to 7.5% in case of domestic Companies with Total Income exceeding Rs. 1 Crore.

The Rate of MAT (Minimum Alternative Tax) has been increased to 18% of Book profits. Tax Credit shall be allowed to be carried forward and set off up to 10 Assessment years immediately succeeding the year in which tax credit becomes allowable

Educational Cess @ 2% and Secondary Education cess @ 1% shall be continued to be levied in all cases.



The Tax benefit accruing to Individual & HUF assesses on account of New Tax slabs is illustrated below :-

Income Level (Rs.)	Tax Payable for 2009-10 (Rs.)	Tax Payable for 2010-11 (Rs.)	Savings (Rs.)
200000	4120	4120	NIL
300000	14420	14420	NIL
400000	35020	24720	10300
500000	55620	35020	20600
800000	148320	96820	51500
1000000	210120	158620	51500

OTHER TAX PROPOSALS

- ✓ If the Tax Deducted at Source (TDS) during the Previous Year is remitted on or before due date for filing returns , there will not be any disallowance of such expenditures. This is applicable from the A.Y.2010-11. (F.Y 2009-10)
- ✓ A new section 80 CCF has been introduced to allow a Deduction of Rs.20000/- in addition to the already available deduction u/s. 80 C of Rs.1,00,000/- for Investments in Long term Infrastructure Bonds.
- ✓ The Limit for getting the books of accounts audited has been increased as follows :-

In case of Business , if the total turnover or gross receipts in business exceeds Rs.60 Lakhs in the year.
In case of Profession , if the gross receipts in profession exceeds Rs. 15 Lakhs in the Year.
- ✓ The Threshold limit for TDS has been revised as follows :-

<u>Nature of Payment</u>	<u>Existing Limit</u> (Rs.)	<u>Proposed Limit</u> (Rs.)
Winning from Lottery & Horse Races(194B)	5000	10000
Winnings from Horse Race(194BB)	2500	5000
Payment to Contractors (194C)	20000 (For single Transaction)	30000 (For single Transaction)
	50000 (for aggregate Transactions)	75000 (for aggregate transactions)
Insurance Commission(194D)	5000	20000



<u>Nature of Payment</u>	<u>Existing Limit</u>	<u>Proposed Limit</u>
Commission or Brokerage (194H)	2500	5000
Rent (194I)	120000	180000
Fees for Professional (or) Tech. Services (194J)	20000	30000
✓ The Interest payable for Non deduction (or) Delayed remittance of TDS has been increased to 1.5% per month (18% p.a.)		
✓ The Penalty for not getting the books audited and furnish audit report has been increased to Rs. 1,50,000/-		
✓ New, Simple Saral II for to be introduced for Salaries Class assesses .		
✓ Transfer of shares of a Company to a firm or a company without adequate consideration or without consideration will be included as Income.		
✓ Contributions to approved institutions for scientific research will qualify for deduction u/s. 35(1)(ii) @ 175% as against the present rate of 125%		
✓ The Term Charitable purpose has been amended to provide that advancement of any other object of general public utility in definition is not a charitable purpose if the activity involves carrying of trade , commerce or business in relation thereto for consideration irrespective of nature of use or application , or retention of income from such activity.		
However if the total receipts from aforesaid activity does not exceed Rs. 10 Lakhs in the year , the said activity shall continue to be charitable in nature.		
✓ The threshold limit for Presumptive Income u/s. 44AD has been raised to Rs. 60 Lakhs. As a result , all business with a Turnover of upto Rs.60 Lakhs have the option of paying tax on presumptive basis upto a turnover of Rs.60 Lakhs as against the present level of Rs. 40 Lakhs.		