

# Nishant S Mehta & Co, Chartered Accountants

I Address : 110 / 112, OFFICE NO. 3, 1<sup>ST</sup> FLOOR, DR. MITRASEN G. MAHIMTURA MARG, 3<sup>RD</sup> KUMBHARWADA LANE, ABOVE JAYESH METAL CORPORATION, MUMBAI – 4000 004 | TEL: 022-66595636 | FAX: 6659 5637 | MOBILE: 982147 0299 |  
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## UNION BUDGET 2010

### ○ DIRECT TAXES

*Direct Tax Code (DTC) would be implemented from 01.04.2011*

✓ **INDIVIDUALS/HUFS (Other than Women & Senior Citizens)**

INCOME	TAX RATE
1,60,000	NIL
1,60,000 TO 5,00,000	10 %
5,00,000 TO 8,00,000	20%
ABOVE 8,00,000	30%

✓ **FOR WOMEN – Basic Exemption Limit is Rs. 1, 90,000/-**

✓ **FOR SENIOR CITIZENS – Basic Exemption Limit is Rs. 2, 40,000/-**

✓ **FIRMS/COMPANIES/OTHERS:**

- No change in Rate of Tax
- MAT ON COMPANIES– Increased to 18 % (Earlier – 15 %)
- Surcharge ON DOMESTIC COMPANIES – Reduced to 7.5 % (Earlier 10 %)

✓ **TWO PAGE SARAL FORM – FOR INDIVIDUAL SALARIED TAXPAYERS**

❖ **DEDUCTIONS**

- ✓ Additional deduction of 200% would be allowed u/s 80CCF if the amount is invested in notified long term infrastructure bonds.
- ✓ Weighted average deduction of 200% would be allowed on in-house R & D expenditure.
- ✓ 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.

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## ❖ TAX AUDIT - MANDATE

- ✓ Audit Limits for business increased to 60 Lakhs (Earlier – 40 Lakhs)
- ✓ Audit Limits for professionals increased to 15 Lakhs (Earlier – 10 Lakhs)
- ✓ Penalty u/s 271B for failure to get the accounts audited by due date is increase from Rs.1.00 lakh to Rs.1.50 lakh

## ❖ TDS CHART – w.e.f from 1-7-2010 (Rates remains same, the basic exemption limit has increased)

SECTION	PARTICULARS	OLD SLAB (RS.)	NEW SLAB (RS.)
194C	Contract charges (individual contract)	20,000	30,000
194C	Contract charges (cumulative amount)	50,000	75,000
194D	Insurance commission	5,000	20,000
194H	Commission/ Brokerage	2,500	5,000
194I	Rent	1,20,000	1,80,000
194J	Professional Fees	20,000	30,000

- ✓ If tax has been deducted (TDS) on payment by way of any expense and is paid before the due date of filing the return, such expenditure will be allowed as deduction.
- ✓ Interest on tax deducted but not deposited by the specified date is increased from 12 % to 18% per annum.

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## ○ INDIRECT TAXES

### ***Goods & Service Tax (GST) would be implemented from 01.04.2011***

- ✓ No Change in **SERVICE TAX** - @ 10 %
- ✓ **BASIC EXCISE DUTY** increased to 10 % (Earlier – 8 %)
- ✓ Rate on **PRECIOUS METALS** indexed as follow:
  - On **Gold** and **Platinum** from Rs.200 per 10 grams to Rs.300 per 10 grams
  - On **Silver** from Rs.1, 000 per kg to Rs.1, 500 per kg.
- ✓ **BASIC CUSTOM DUTY** on **Rhodium**-reduced to 2%.
- ✓ **BASIC CUSTOMS DUTY** on **Gold** ore and concentrates reduced from 2% advalorem to a specific duty of Rs.140 per 10 grams of gold content with full exemption from special additional duty. Further, the excise duty on refined Gold made from such ore or concentrate reduced from 8% to a specific duty of Rs.280 per 10 grams.
- ✓ **BASIC DUTY** of 5% on **Crude Petroleum**; 7.5 % on **Diesel** and petrol and 10% on other refined products is restored.
- ✓ **CENTRAL EXCISE DUTY** on **Petrol** and **Diesel** is enhanced by Rs.1 per liter each.
- ✓ Transportation by road of **Cereals** and **Pulses** will be exempted from **SERVICE TAX**. Transportation by rail is already exempt from Service Tax.
- ✓ To ease the cash flow position for small-scale manufacturers, they would be permitted to take full credit of **CENTRAL EXCISE DUTY** paid on capital goods in a single installment in the year of their receipt. Secondly, they would be permitted to pay Central Excise Duty on a quarterly, rather than monthly basis.
- ✓ RBI is considering granting new banking licenses to private sector players including NBFC's.