

Highlights of Budget 2010 – Income Tax

Changes are applicable for A. Y. 2011-12

Rates of Income tax

Individuals: - Senior citizen

Income	Tax Slab
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

Individuals: Women

Income	Tax Slab
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

Other Individuals, HUF, AOP, BOI, Artificial Juridical person

Income	Tax Slab
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

For Companies

- Tax Rates remains to be the same but **Surcharge** has been reduced to **7.50%**
- Same time **115JB (MAT)** has been increased to **18%**.

No change in the tax rates of cooperative society, Partnership Firms, and Local Authorities.

Other Changes

1. Section **80CCF**: Deduction of an additional amount of **Rs. 20,000** allowed, over and above the existing limit of Rs.1 lakh on tax savings, for investment in long-term **infrastructure bonds** as notified by the Central Government.
2. Contribution made to the Central Government Health Scheme, eligible for deduction U/S 80D.
3. **Tax audit limit changed**: Limits for turnover over which accounts need to be audited **enhanced** to **Rs. 60 lakh** for **businesses** and to **Rs. 15 lakh** for **professions**.

4. Limit of turnover for the purpose of **presumptive taxation of small businesses** enhanced to **Rs. 60 lakh**.
5. Transactions without consideration U/S 56(vii): The provisions of this section would **apply only if the immovable property** is received **without any consideration** and the stipulation regarding transactions involving cases of inadequate consideration has been removed.
6. Benefit of investment-linked deduction under the Act extended to new hotels of two-star category and above anywhere in India to boost investment in the tourism sector.
7. 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**.
8. **Interest** charged on **tax deducted but not deposited** by the specified date to be increased to **18 % p.a.**
9. 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.
10. "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 lakh in the year.

TDS changes: (w.e.f 1st July 2010)

SI No	Sec		Existing Limit	New limit
1	194B	Winnings from lottery or crossword puzzle	5000	10000
2	194BB	Winnings from horse race	2500	5000
3	194C	Payment to contractors		
		Single payment	20000	30000
		Aggregate during the year	50000	75000
4	194D	Insurance commission	5000	20000
5	194H	Commission or Brokerage	2500	5000
6	194I	Rent	120000	180000
7	194J	Fees for professional or technical services	20000	30000