

EICMA BULLETIN – UNION BUDGET 2008
3rd March 2008 at 3.00pm

INCOME TAX RATES

1. Income Tax rates, Surcharge and Education Cess on Firm & Companies unchanged.
2. Income Slabs & Tax Rates For Financial year 2008-09 for Individuals, HUF, Association of Persons and Body of Individuals

	Tax (%)
Up to 1,50,000 Up to 1,80,000 (For Women) Up to 2,25,000 (for resident individual of 65 years or above)	Nil
1,50,001 to 3,00,000 **	10
3,00,001 to 5,00,000	20
5,00,001 upwards	30
10,00,001 upwards	30*

*Surcharge applicable @ 10 per cent

** For Women & Senior citizen after Exemption limit

- Education Cess on Income Tax & Secondary & Higher Education Cess on Income Tax applicable @ 2 per cent & 1per cent respectively on income tax, inclusive of surcharge, if there is any.
- A marginal relief may be provided to ensure that the additional IT payable, including surcharge, on excess of income over Rs 1,000,000 is limited to an amount by which the income is more than this mentioned amount.

FRINGE BENEFIT TAX

- FBT rates unchanged.
- Surcharge payable on Fringe Benefit Tax @ 10 per cent for F.Y. 2008-09 where Fringe Benefits are more than rupees ten lakhs for Individuals, HUF, Association of Persons and Body of Individuals.
- Surcharge payable on Fringe Benefit Tax @ 10 per cent for F.Y. 2008-09 for Firms & Companies irrespective of amount of tax.
- Education Cess on Income Tax & Secondary & Higher Education Cess on Income Tax applicable @ 2 per cent & 1 per cent respectively, on FBT & surcharge.

- With effect from 1st. April, 2009, value of fringe benefit reduced from 50 per cent to 20 per cent on expenses incurred during festivals.
- With effect from 1st April 2008, in case of company or a person (other than a company) whose accounts are required to be audited under the Act or any other act, due date of filing of Return of Income and FBT will be 30th. September of the assessment year in place of 31st October (applicable for Assessment Year 2008-09)

TAX DEDUCTED AT SOURCE (T.D.S.)

- TDS rates & Education Cess applicable as before

TAX COLLECTED AT SOURCE (T.C.S.)

- TCS rates & Education Cess applicable as before.

GENERAL

- Short term capital gains tax increased from 10 to 15% with effect 1st April 2008
- Securities Transaction Tax (STT) to be treated as deductible business expenditure with effect 1st. April 2008 where transaction on which these are paid are part of Profit or gain from Business or Profession
- Commodities transaction tax (CTT) to be introduced on same lines as options and futures with effect 1st April, 2008
- Banking Cash Transaction Tax (BCTT) being withdrawn with effect 1st April, 2009
- Senior Citizen Saving Scheme 2004 and the Post office Time Deposit Account added under Section 80C of Income Tax Act
- Additional deduction of Rs. 15,000 allowed under Section 80D to an individual paying medical insurance premium for his/her parent or parents
- PAN mandatory for all financial market transactions
- Payment more than Rs. 20000 to same person by Cash on single day will be disallowed as business expenditure

CENTRAL SALES TAX & GST

- Central Sales Tax proposed to be reduced from 3 percent to 2 percent with effect 1st April 2008. Central sales to unregistered dealer continue to attract the rate of tax as charged as VAT.
- Road map for Goods and Service Tax being prepared for introduction of GST from April 1, 2010.