

HIGHLIGHTS OF BUDGET 2008-09

DIRECT TAXES

Income Tax Rates **TAXABLE INCOME SLAB (IN Rs.)**

For Assessment Year 2009-2010

<u>General</u>	<u>Women</u>	<u>Senior Citizen</u>	<u>Tax rate (In %)</u>
(a) 0-1,50,000	0-1,80,000	0-2,25,000	Nil
(b) 1,50,001-3,00,000	1,80,001-3,00,000	2,25,001-3,00,000	10%
(c) 3,00,001-5,00,000	3,00,001-5,00,000	3,00,001-5,00,000	20% + (b) above
(d) More than 5,00,000	More than 5,00,000	More than 5,00,000	30% + (c) above

- ❖ No changes in Surcharge.
- ❖ The above Annual Taxable Income is Subject to Certain Deductions (80C to 80U) & Exemptions under the Income Tax Act 1961.

Following investment are also covered under purview of Section-80C :-

- a) Senior Citizen Saving Scheme 2004
- b) **Five** year Time Deposit in an account under the post Office Deposit Rules 1981

Section 80D

- ❖ Additional Deduction of **Rs.15000/-** allowed to an individual paying **Medical Insurance Premium** for his/her parents.

Section 80IB

- ❖ 5 years tax holiday to hospitals in any place outside the urban agglomerations especially in tier-2 and tier-3 towns. Applicable for the period 1st April, 2008 to 31st March, 2013

Section 80ID

- ❖ 5 years tax holiday to two ,three or four star hotels established in specified Districts having UNESCO declared “World Heritage Sites” .Applicable if hotels Constructed during the 1st April 2008 to 31st March 2013.

KEY FEATURES :-

- ❖ Corporate Debt Instrument issued in DEMAT Form & Listed on Recognized Stock Exchange exempted from TDS.
- ❖ Creche facilities, Sponsorship of an employee organizing sports events for employees and Guest Houses **excluded from FBT**.
- ❖ Rate of tax on **STCG** in case of sale of securities is now being increased to 15% from 10%
- ❖ Securities Transaction Tax to be allowed as deductible expenditure against Business Income and rebate u/s 88E withdrawn w.e.f.1st April 2009.
- ❖ Commodities Transaction Tax to be introduced on option & future.
- ❖ Banking Cash Transaction Tax (BCTT) withdrawn w.e.f.1st April 2009.
- ❖ **Due date of filing Audited Returns u/s 139(1) and FBT Returns changed to 30th September instead of 31st October**

INDIRECT TAX

Excise Duty

- ❖ General CENVAT rate on all goods reduced from 16% to 14%.

Service Tax

- ❖ Four services brought under service tax:-
 1. Asset management service provided under ULIP
 2. Services provided by Stock /Commodity exchange & clearing houses.
 3. Right to use goods in case where VAT is not payable
 4. Customized Software.
- ❖ Exemption to SSP's increased to Rs.10 lakhs from Rs.8 lakhs.
- ❖ Limit for obtaining Services Tax.Regn.No. increased to Rs.9 lakhs from Rs. lakhs.