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# Review Of Budget

*Compiled by Corporate Team at Maheshwari & Co.*

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### Overview Under The Personal Taxation

- **Change in Slab Rates:** Increase in exemption amount by Rs. 15000 for senior citizens and Rs. 10000 for resident women and other individuals.
- Withdrawal of 10% **Surcharge** for individuals and firms.
- **ESOP:** ESOP will be taxable in employee's hands.
- **Gifts:** Gifts received in kind will now also be subject to tax and subject to certain exceptions.
- **Loan for Higher Studies:** Deduction in respect of interest on loan for higher studies extended to all fields of studies (including vocational studies).

### Overview Under The Corporate Taxation:

- **Corporate Tax Rates:** rates remains the same.
- **MAT:** Minimum Alternate Tax rate increased from 10% to 15%.
- **MAT Credit:** MAT credit extended from 7 to 10 years.
- Withdrawal of **Commodity Transaction Tax.**
- Scrapping of **FBT** (Fringe Benefit Tax).
- Tax holiday benefit available for **Power Sector** extended to 31<sup>st</sup> march 2011.
- Introduction of alternate dispute resolution mechanism for speedy disposal of **Transfer Pricing** disputes.

### Overview Under The Goods And Service Taxes

- Deadline for **Introduction of GST** (Goods & Service Tax) fixed (1 April 2010).
- **GST Structure:** Dual Nature where Central Government and State Government would legislate, levy and administer the Central GST and State GST respectively.

### Overview Under The Wealth Tax

**Wealth Tax:** Limit increased from fifteen lakhs to thirty lakhs rupees.



### Overview Under The Customs

- **Gold & Silver:** Customs duty on gold and silver import increased.
- **LCD:** Custom duty on LCD panels halved.
- **Bio-Diesel:** Customs duty on bio-diesel reduced.
- **Non-Agricultural Products:** Existing rate of customs duty for non agricultural products kept unchanged.
- **Condonation of Delay:** High court empowered to condone the delay in filling the appeals/applications/ Memo of cross objections.

### Overview Under The Service Tax

- **Services Tax Rate:** No change in **Service Tax Rate** (10%).
- **Service Tax on Input Service:** Simplified procedure to claim refund of Service Tax on input services received by exporters.
- **Service Tax on Legal Service:** Imposition of Service Tax on certain legal services.

### Miscellaneous Items

- **Taxation of LLP:** Limited Liability Partnership (LLP) to be taxed on the same basis as a partnership firm.
- **Donation to Electoral Trusts:** Donation to electoral trusts eligible for tax deduction.
- **Unique Identification Document No.:** Tax department will issue unique document identification number on all communications.
- **Withholding Tax:** Higher withholding tax on specified payments for non-furnishing of permanent Account Number by the payee.

### Overview Under Excise

- **Condonation of Delay:** High court empowered to condone the delay in filling the appeals/applications/ Memo of cross objections.
- Excise **duty on fiber** for cheaper cloth reduced.
- Excise duty on **naphtha, special boiling** sprits as well as branded petrol and reduced.
- Excise duty on **petrol-driven small** trucks reduced to 10%
- **Definition of inputs** under CENVAT credit rules amended to exclude cement, angles, channels and other items used for construction of factory shed, building or laying of foundation or making of structures for support of capital goods.



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