

## Supplement Income Tax Act as Amended by the Finance Act, 2012

### (As Applicable for Assessment Year 2013-14)

#### Tax Rates

The Income Tax Rates for the Assessment Year 2013-14 (Previous Year 1 April 2012 - 31 March 13) is as follows:

#### For Individuals, Resident women (below 60 years) and Hindu Undivided Families

Income Tax	Rates
Up to ` 2,00,000	Nil
` 2,00,001 to ` 5,00,000	10%
` 5,00,001 to ` 10,00,000	20%
Above ` 10,00,000	30%

#### For Senior Citizens (who are 60 years or more)

Income Tax	Rates
Up to ` 2,50,000	Nil
` 2,50,001 to ` 5,00,000	10%
` 5,00,001 to ` 10,00,000	20%
Above ` 10,00,000	30%

#### For Super Senior Citizens (who are 80 years or more)

Income Tax	Rates
Up to ` 5,00,000	Nil
` 5,00,000 to ` 10,00,000	20%
Above ` 10,00,000	30%

#### For Partnership Firms

Tax shall be levied at a flat rate of 30% of total income.

#### For Local Authorities

Tax shall be levied at a flat rate of 30% of total income.

#### For Co-operative Societies

Income Tax	Rates
Up to ` 10,000	10%
Above ` 10,000 Up to ` 20,000	20%
Above ` 20,000	30%

#### For Companies

In case of a Domestic company 30%

In case of a Foreign company 40%

(However, for certain royalty or fee for rendering technical services, the rate foreign company is 50%).

Surcharge for Assessment Year 2013-14

- Surcharge is levied @ 5% if income is in excess of ` 1,00,00,000 in the case of Domestic companies.
- Surcharge is levied @ 2% if income is in excess of ` 1,00,000 in the case of Foreign companies

#### Education Cess

- In all cases Education Cess @ 2% of income and surcharge
- In all cases Secondary and Higher Education Cess @ 1% of income tax and surcharge

#### SOME OF THE OTHER AMENDMENTS

- Sum received under an insurance policy issued on or after 1-4-2012 in respect of which premium payable for any year exceeds 10% of the actual capital sum assured is to be taxed under Section 10(10D).

- Additional depreciation of 20% of actual cost of new plant or machinery, to be available to assesses engaged in generation or generation and distribution of power also.
- Weighted deduction for expenditure on scientific research extended for another 5 years i.e., up to 31-3-2017 under Section 35(2AB).
- (A) Deduction of Capital expenditure incurred on or after 1-4-2012 for the business of-
  - (a) Setting up and operating an inland container depot or a container freight station.
  - (b) Bee-keeping and production of honey and beeswax.
  - (c) Setting up and operating a warehousing facility for storage of sugar.
- (B) One and half times deduction for Capital expenditure incurred on or after 1-4-2012 for the business of cold chain facility, warehousing facility for agricultural produce, hospital, affordable housing project and fertilizer plant as per Section 35AD.
- One and half times deduction for expenditure incurred on
  - (i) Notified agricultural extension project under Section 35CCC
  - (ii) Notified skill development project under Section 35CCD.
- The ceiling for mandatory tax-audit increased to ` 1 crore in case of business and ` 25 lakhs in case of profession under Section 44AB.
- In respect of insurance policy issued on or after 1-4-2012, premium up to 10% of the actual capital sum assured to be eligible for deduction under Section 80C.
- Deduction @50% of amount invested in equity shares under Equity Savings Scheme to be allowed, subject to a maximum deduction of ` 25,000 in case of resident individual having gross total income up to ` 10 lakhs. Deduction to be allowed in one assessment year only under Section 80CCG.
- Payment for preventive health check-up of self, spouse, dependent children and parents in aggregate upto ` 5,000 to be eligible for deduction alongwith medical insurance premium and CGHS contribution within the overall specified ceiling. Such payment may be made in cash also. The age limit for senior citizen reduced to 60 years as per Section 80D.
- The age limit for a senior citizen reduced to 60 years for the purpose of deduction for medical treatment as per Section 80DDB.
- Donation of a sum exceeding ` 10,000 not to be deductible if made in cash as per Section 80G & 80GGA.
- Interest for savings accounts in banks and post offices to be deductible in case of individuals/HUFs, subject to maximum of ` 10,000 as per Section 80TTA.

#### **Changes in Customs Act 1962:**

- While calculating customs duty, the education cess (2%) and SAHE cess (1%) would be payable only once i.e., after basic customs duty and CVD but before Special CVD with effect from 17-3-2012.
- Duty free allowance under Baggage Rules has been increased from ` 25,000 to ` 35,000 for adult passengers of Indian origin from ` 10,000 to ` 15,000 for children up to 10 years of age with effect from 17-3-12.

#### **Changes in Central Excise:**

- Standard Central Excise duty rate except in case of petroleum products has been increased from 10% to 12% from 17-3-2012.

#### **Changes in Service Tax:**

- Service tax rate increased from 10% to 12% with effect from 1-4-2012. Thus total rate will be 12.36%.
- Service tax on works contract service payable @ 4.8% plus 3% education cess with effect from 1-4-2012.
- Service tax on air transport payable @ 12% on 40% subject to condition of non avilment of Cenvat credit on inputs or capital goods.
- Negative list of services- At present service tax is payable on specified 117 taxable services. Now, service tax will be payable on all taxable services, except those specified in the negative list and excluding those for which exemption has been granted.