

**Supplement Income Tax Act as Amended by the Finance Act, 2013  
(As Applicable for Assessment Year 2014-15)**

**INCOME TAX**

**Tax Rates**

The Income Tax Rates for the Assessment Year 2014-15 (Previous Year 1 April 2013 - 31 March 14) are as follows:

**For a resident senior citizen (who is 60 years or more but less than 80 years):**

**Income Tax Rates**

Net income range	Income-tax rates	Surcharge	Education cess	Secondary and higher education cess
Up to ₹ 2,50,000	Nil	Nil	Nil	Nil
₹2,50,000 - ₹5,00,000	10% of total income over and above ₹2,50,000. Subject to Note 1.	Nil	2% of income-tax	1% of income-tax
₹ 5,00,000 - ₹10,00,000	₹ 25,000 + 20% of (total income minus ₹5,00,000)	Nil	2% of income-tax	1% of income-tax
₹ 10,00,000 - ₹1,00,00,000	₹ 1,25,000 + 30% of (total income minus ₹10,00,000)	Nil	2% of income-tax	1% of income-tax
Above ₹1,00,00,000	₹ 28,25,000 + 30% of (total income minus ₹1,00,00,000)	10% income-tax subject to marginal relief	2% of income-tax	1% of income-tax

**For resident super senior Citizens (who are 80 years or more):**

**Income Tax Rates**

Net income range	Income-tax rates	Surcharge	Education cess	Secondary and higher education cess
Up to ₹ 5,00,000	Nil	Nil	Nil	Nil
₹ 5,00,000 - ₹10,00,000	20% of (total income minus ₹ 5,00,000)	Nil	2% of income-tax	1% of income-tax
₹ 10,00,000 - ₹1,00,00,000	₹ 1,00,000 + 30% of (total income minus ₹10,00,000)	Nil	2% of income-tax	1% of income-tax
Above ₹1,00,00,000	₹ 28,00,000 + 30% of (total income minus ₹1,00,00,000)	10% income-tax subject to marginal relief	2% of income-tax	1% of income-tax

For any other resident individual below 60 years (born on or after April 1, 1954), any non-resident individual, every HUF/AOP/BOI/artificial juridical person:

### Income Tax Rates

Net income range	Income-tax rates	Surcharge	Education cess	Secondary and higher education cess
Up to ₹ 2,00,000	Nil	Nil	Nil	Nil
₹ 2,00,000 - ₹5,00,000	10% of total income over and above ₹ 2,00,000. Subject to Note 1.	Nil	2% of income-tax	1% of income-tax
₹ 5,00,000 - ₹10,00,000	₹ 30,000 + 20% of (total income minus ₹5,00,000)	Nil	2% of income-tax	1% of income-tax
₹ 10,00,000 - ₹1,00,00,000	₹ 1,30,000 + 30% of (total income minus ₹10,00,000)	Nil	2% of income-tax	1% of income-tax
Above ₹1,00,00,000	₹ 28,30,000 + 30% of (total income minus ₹1,00,00,000)	10% income-tax subject to marginal relief	2% of income-tax	1% of income-tax

**Note 1:** a resident individual whose net income does not exceed ₹ 5,00,000 can avail rebate under Section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income tax or ₹ 2,000, which ever is lower.

### For Partnership Firms

Income tax shall be levied at a flat rate of 30% of total income. Surcharge is levied @ 10% if net income exceeds ₹ 1,00,00,000 subject to marginal relief besides education cess of 2% and 1% of Secondary and higher education cess.

### For Local Authorities

Income tax shall be levied at a flat rate of 30% of total income. Surcharge is levied @ 10% if net income exceeds ₹ 1,00,00,000 subject to marginal relief besides education cess of 2% and 1% of Secondary and higher education cess.

### For Co-operative Societies

#### Income Tax Rates

Up to ₹ 10,000	-	10%
Above ₹ 10,000 Up to ₹ 20,000	-	20%
Above ₹ 20,000	-	30%

Surcharge is levied @ 10% if net income exceeds ₹ 1,00,00,000 subject to marginal relief besides education cess of 2% and 1% of Secondary and higher education cess.

### For Companies

#### Income Tax Rates

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 2014-15

□ in the case of Domestic company Surcharge is levied @ 5% if income is in the range of ₹ 1,00,00,000 - ₹ 10,00,00,000. If income exceeds ₹ 10,00,00,000 surcharge is levied @ 10% subject to marginal relief..

□ in the case of Foreign company Surcharge is levied @ 2% if income is in the range of ₹ 1,00,00,000 - ₹ 10,00,00,000. If income exceeds ₹ 10,00,00,000 surcharge is levied @ 5% subject to marginal relief.

### **SOME OF THE OTHER AMENDMENTS**

- Section 2(14)(iii): Land will be considered as an “agricultural land” if it is situated in any area within the distance, measured aeriually of not being more than: – two kilometers, from the local limits of any municipality or cantonment board and which has a population of more than ten thousand but not exceeding one Lac; or – six kilometers, from the local limits of any municipality or cantonment board and which has a population of more than one lakh but not exceeding ten Lakhs; or – eight kilometers, from the local limits of any municipality or cantonment board and which has a population of more than ten Lakhs.
- A new proviso to Section 10(10D)(d) is inserted. Under this section any payment received under a Life Insurance Policy including sum assured allocated by way of Bonus will also be exempt if Insurance is taken on life of any person who is: a person with disability or a person with severe disability as referred to in section 80U; or suffering from disease or ailment as specified in the rules made under section 80DDB; and Premium payable does not exceed 15% of the Capital Sum Assured. This proviso shall apply in respect of policy issued on or after 1<sup>st</sup> day of April 2013.
- Keyman Insurance Policy which has been assigned to a person during his term with or without consideration shall be continued to be treated as KMIP. Therefore, its surrender value will not get exemption under section 10(10D). This amendment is applicable from AY 2014-15
- Section 32AC Investment Allowance: Where an assessee, being a company engaged in the business of manufacture of an article or thing; and invests a sum of more than ₹ 100 crore in new assets (plant or machinery) during the period beginning from 1stApril, 2013 and ending on 31st March, 2015, then, the assessee shall be allowed for assessment year 2014-15, a deduction of 15% of aggregate amount of actual cost of new assets acquired and installed during the financial year 2013-14, if the cost of such assets exceeds ₹100 crore; for assessment year 2015-16, a deduction of 15% of aggregate amount of actual cost of new assets, acquired and installed during the period beginning on 1stApril, 2013 and ending on 31st March, 2015, as reduced by the deduction allowed, if any, for assessment year 2014-15.
- CTT to be charged @ 0.01 % on sale of commodity derivative. Taxable commodities transaction will mean a transaction of sale of commodity derivatives other than agriculture commodities, traded in recognized associations. CTT paid as above will be allowed as deduction under section 36(xvi) of Income Tax Act if income is treated as business income.
- Amendment in Section 43(5) w.e.f. 1<sup>st</sup> April 2014: A commodity derivative transaction carried out in a recognized association shall not be a speculative transaction i.e. it will form part of income from business & Profession.
- As per Section 43CA consideration on transfer of an asset (other than a capital asset), being land or building or both, is less than the stamp duty value, the value so adopted or assessed or assessable shall be deemed to be the full value of the consideration for the purposes of computing income under the head ,Profits and gains of business of profession.
- Amendment in Section 56(2)(vii): Where the property is received for a consideration which is less than stamp duty value for an amount exceeding ₹ 50,000/-, Consideration minus Stamp duty value > ₹ 50,000 shall be charged as income from other sources.

- Deduction u/s 80C for persons suffering with disability u/s 80U & 80DDB will be available if the premium is not more than 15% of sum assured. The cap of 10% is extended to 15%.
- Amendment in Section 80CCG (Rajeev Gandhi Equity Saving Scheme): To avail deduction for Investment in Equity Shares and also Equity oriented Mutual Fund, the eligible limit of gross total income has increased to Rs.12 lakhs from Rs.10 lakhs and the deduction is now available for three Consecutive Years.
- Amendment in Section 80G- 100% deduction for donation made to the National Children's Fund w.e.f A.Y. 2014-15.
- 80EE- Additional Deduction of Interest on Housing Loan: For first-home buyers additional deduction is allowed of ₹ 100,000 in respect of interest payable on housing loan sanctioned by a financial institution during financial year 2013-14 subject to loan amount not exceeding ₹ 25 lakhs and value of the residential house property not exceeding ₹ 40 lakhs. If interest payable during financial year 2013-14 is less than ₹ 1,00,000, the balance amount not claimed as a deduction may be claimed in the financial year 2014-15.
- 80GGB & 80GGC: CASH donation will not qualify for any deduction.
- Sec 139 (9): Clause (aa) has been added which states that IT Return will be treated as defective if tax together with interest u/s 140A is not paid before furnishing the return of income.
- If the total amount of consideration is Rupees Fifty lacs or more, transferee at the time of making the payment or crediting any sum as consideration for transfer of immoveable property other than agricultural land to resident transferor shall deduct tax @ 1% of such sum under new section 194-IA.

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

- Duty free allowance, in respect of jewellery for an Indian passenger returning to India after one year or on transfer of residence is ₹ 50,000 raised from ₹ 10,000 for man and ₹ 1,00,000 for lady passenger raised from ₹ 20,000.
- Duty free allowance for crew members increased from ₹ 600 to ₹ 1,200.
- If customs duty is not paid within two days of return of bill of entry to importer, interest is payable as per amendment to Section 47(2).
- Customs house agent will be termed as customs broker as per international practice as per amendment to Section 146 of Customs Act.
- As per amendment to Section 49 of Customs Act, goods can be kept in customs bonded warehouse for 30 days only. The period can be extended by Commissioner of Customs for further period up to 30 days at a time.

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

- Ayurvedic, unani, siddha, homeopathic or bio-system medicaments subject to MRP valuation. MRP valuation provisions –amendment to Schedule III. The abatement is 35%. Excise duty is payable on 35% of value.
- Branded as well as unbranded readymade garments are exempt from excise duty.

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

- Service tax amnesty scheme termed as Service Tax Voluntary Compliance Encouragement Scheme 2013 VCES has been introduced.
- Renting of immovable property by educational institutions is taxable.

- Copyright for cinematography film is exempt only if exhibited in theatre.
- All restaurants with AC or central heating are subject to service tax.
- Public parking service is taxable.
- Personal penalty on director, manager, secretary, officer will be levied up to ₹ 1 lakh, if he is knowingly concerned with contravention of service tax provisions.
- Offence will be non-bailable if offence is of collecting service tax and still not paying it to Central Government.
- Job work of goods covered under MTP (Medical and Toilet Preparations) provisions is exempt from service tax.
- If construction contract of residential unit in a residential complex includes value of land and the carpet area is less than 2,000 square feet and the amount charged is less than rupees one crore,, service tax will be payable on 25% with effect from March 1, 2013. In case of flats where carpet area is 2000 square feet or more or amount charged is rupees one crore or more service tax will be payable on 30%.