

**Supplement Income Tax Act as Amended by the Finance Act, 2011**

**(As Applicable for Assessment Year 2012-13)**

**Tax Rates**

The Income Tax Rates for the Assessment Year 2012-13 (Previous Year 1 April 2011 - 31 March 12) is as follows:

**For Individuals and Hindu Undivided Families**

Income Tax	Rates
Up to ` 1,80,000	Nil
` 1,80,001 to ` 5,00,000	10%
` 5,00,001 to ` 8,00,000	20%
Above ` 8,00,001	30%

**For Resident Women below 60 years**

Income Tax	Rates
Up to ` 1,90,000	Nil
` 1,90,001 to ` 5,00,000	10%
` 5,00,001 to ` 8,00,000	20%
Above ` 8,00,001	30%

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

Income Tax	Rates
Up to ` 2,40,000	Nil
` 2,40,001 to ` 5,00,000	10%
` 5,00,001 to ` 8,00,000	20%
Above ` 8,00,001	30%

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

Income Tax	Rates
Up to ` 5,00,000	Nil
` 5,00,000 to ` 8,00,000	20%
Above ` 8,00,001	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 2012-13**

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

- Foreign companies 2%

### **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

### **BASIC CONCEPTS AND EXEMPTIONS**

#### **Definition of 'Charitable Purpose' Section 2(15)**

Section 2(15) has been amended to provide that 'the advancement of any other public utility' shall continue to be a 'charitable purpose', if the total receipts from nature of trade, commerce or business, or any activity of rendering any service trade, commerce or business do not exceed ₹ 25 lakhs in the previous year.

### **INCOME FROM BUSINESS OR PROFESSION**

#### **Weighted deduction for contribution to National Laboratory (Section 35 (2AA))**

Under the existing provisions of Section 35(2AA) of the Income-tax Act, weighted deduction to the extent of 175% is allowed for any sum paid to a National Laboratory or a University or an Indian Institute of Technology (IIT) or a specified person for the purpose of an approved scientific research programme. In order to encourage more contributions to such approved scientific research programmes weighted deduction is increased from 175% to 200%.

#### **Expenditure on in-house research and development facility (Section 35(2AB))**

A sum equal to 200% of the expenditure shall be allowed as deduction.

### **DEDUCTIONS FROM GROSS TOTAL INCOME**

#### **Deduction in respect of long-term infrastructure bonds [Section 80CCF]**

From the AY 2011-12, a new section 80CCF has been introduced. Investment infrastructure bonds (as may be notified by the Central Government) to the tune of ₹ 10 lakh shall be allowed as deduction under this section new section. This deduction is available to Individuals and Hindu Undivided Family and is over and above the existing overall limited savings of upto ₹ 1 lakh under section 80C, 80CCC and 80CCD of the Income. 80CCF deduction is available for AY 2012-13 also.

#### **Minimum Alternate Tax (Section 115JB)**

The rate of Minimum Alternate Tax (MAT) is raised from 18% to 18.5% on the both in accordance with Section 115JB of the Act. This enhanced rate is applicable from

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

1. Introduction of self assessment.
2. Time limit for filing refund claim has been uniformly increased to one year from the present limit of 6 months.

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

1. As a step towards moving to GST, exemption in respect of 130 items has been withdrawn and excise duty of 5% has been imposed (total duty 5.15%). If assessee does not avail Cenvat Credit on his inputs, excise duty payable on these goods will be 1%. It is also clarified that if excise duty @1% is paid, buyer cannot avail Cenvat credit.

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

Service tax on following new services is effective from 1-5-2011

- a. Hotels, clubs, guest houses having declared tariff rate more than ₹ 1,000 per day even if actual charge was less – Service tax @ 5%.
- b. Services in air-conditioned restaurant having license to serve liquor – abatement 70% i.e., service tax payable on 30%.

Scope of some existing services has been expanded with effect from 1-5-2011 as follows:

1. Providing any operational or administrative assistance will be Business Support Service
2. Legal services – Representational services provided by any person to a business entity now taxable.

3. Commercial coaching now covers all courses which are not recognized by law, even if conducted by recognised Institutes.
4. All vehicle repair services except goods transport vehicles and auto-rickshaws will be taxable (so far only authorised service stations were covered).
5. Services provided by clubs to non-members are now taxable.