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## March 31st, 2010 is approaching

- Pay your advance tax properly
- This year, Majority of Indian Industries are in “boom” phase.
- Growth rates of around 20% ( year to year in Sales )
- So, make your provisional balance sheet for 31.3.2010, and monitor your current year expected profit, And Pay the Tax due , immediately.
- If you have not paid full advance tax by 15<sup>th</sup> March 2010, pay it now.



Time is running out

And one more thing, Tax payments are compulsorily to be “online”  
It has been reported to us, that some FSIA members are still not doing it “online”

And they have started getting Government Notices, for  
this “non-compliance”

# Quick Recap of last year budget ( 2009 ) →

## “Reminding” so that the advance tax calculations are proper

Important changes that happened, and some members have requested us to “remind” them the core points for current year balance sheets.

### 1. **FBT – Fringe Benefit Tax -- was abolished from 1.4.2009**

- a. The FBT tax has been withdrawn
- b. And if you have paid any FBT as advance tax in June 2009,
- c. You can claim that as a “normal advance tax” now.

### 2. **Income Tax Basic Exemption Limits was Hiked from 1.4.2009.**

- a. This is the Basic amount of income, till which, you do not have to pay any tax. (This is the tax free limit) . So, the AY 10-11 structure was .
  - a. For normal people : Rs. 1,60,000
  - b. For women hiked to Rs 1,90,000
  - c. For Senior Citizens = Rs. 2,40,000

<b><u>Basic Rates</u></b>	<b><u>Rate</u></b>
Upto Rs. 1,60,000	Nil
Rs. 1.60 lac - Rs.3.00 lac	10%
Rs. 3.00 lac - Rs.5.00 lac	20%
Rs. 5.00 lac onwards	30%

### **Surcharge**

Those with taxable income upto Rs. 10 lakh Nil  
 Those with taxable income above Rs. 10 lakh Nil

### **Education Cess , incl SHE cess** 3% for all.

And this is the Net taxable income , after all section 80 C deductions  
 You can invest upto Rs. 1 lac into Section 80 C investments  
 And the Mediclaim u/s. 80D has become 15000 Normal + 15000 for mediclaim of parents, if you are paying that.

**Please observe** == effective Tax Rates, have become very very low

Income	Net taxable income after 80C, HRA etc	Income Tax at New Rates	Cess and She Cess ( Surch. is now NIL)	Total	Effective tax %	
100,000	100,000	0	0	0	0.00%	
200,000	150,000	0	0	0	0.00%	
300,000	200,000	4,000	120	4,120	2.06%	%
500,000	400,000	34,000	1,020	35,020	8.76%	%
700,000	600,000	84,000	2,520	86,520	14.42%	%
1,000,000	900,000	174,000	5,220	179,220	19.91%	%

So, encourage your staff members to pay full tax properly and be happy. Bigger tax return, means bigger eligibility for housing loans etc, and bigger house for them

**3. 10A and 10B limit was increased for 1 more year ?**

**a. What ?**

- i. For EOU and SEZ units, earlier there was no exemption after 31.3.2010
- ii. Now extended for one more year ( till 31.3.2011 )

**b. FSIA point**

- i. That is Great !!! .
- ii. Many FSIA members have EOU / SEZ units , connected with Noida SEZ etc, However, with completion of term in 31.3.2010, they were expected to shut shop from Faridabad/Noida. And they were expected to start new units in Backward areas of Uttaranchal / Himachal / Rajasthan , just to save this tax
- iii. Now, this is to continue for one more year.
- iv. Good news for them and their vendors etc

**4. MAT ( Minimum Alternate Tax ) – Section 115JB**

- a. **What ?** – The companies, who have book profits but don't pay income tax due to some deductions / exemptions, They have been forced to pay heavier taxes.

**b. Have a look !!**

MAT	Earlier	Now for AY 2010-11
Earlier base rate	10.00%	15.00%
Surcharge	1.00%	1.50%
Cess	0.33%	0.50%
Total Effective MAT Tax	11.33%	17.00%

- c. However the period in which you can take the benefit of the brought forward MAT Credit is now extended from 7 years to 10 years.

**d. FSIA editorial team :**

- i. **If you fall in this, pay your MAT as advance tax immediately**

## 5. Major Changes in the TDS of Contractors

- Change in basic Rates - **Look at this closely !!**
- Rates reduced to just 1% for some cases**

### **TDS Contractors**

	Basic rate
<b><u>Individuals/HUF</u></b>	
less than 10 lac	1.00
more than 10 lac	1.00

### **Firm/Company**

	Basic rate
less than 1 Cr	2.00
more than 1 Cr	2.00

- This was a major reduction.
- Changes w.e.f 1-10-2009
- Some companies are still deducting at 2% . Pls educate them.

## 6. No TDS –Contractors from pymts to Transporters

- If he gives a valid PAN ( permanent account number )
- What ??????

c. Read this again

**d. No TDS** (on Transporters)- if he has a “PAN”

e. Changes w.e.f 1-10-2009

## 7. Penal TDS – if you don't have the PAN

- This is a new “deterrent” penalty**
- If the deductee does not give his valid PAN number to the deductor, the deductor shall deduct TDS at 20%.
- FSIA editorial team :**
  - Caution :** Suppose you give your PAN to the Bank but the bank employee does not enter the PAN in his database. Now, the software will automatically deduct your TDS at 20% !!!!!!!!!!!!!



- Same is the case with wrong PAN quoted by your customer ( in case your customer deducts your TDS )
  - That 20% will be huge.**
- d. So, must take precautions in this .

Read this again

e. TDS is 20% (on all) - if you don't have a "PAN"

**8. Major Changes in the TDS of Rent ( wef 1.10.2009)**

- a. **Rates reduced to just 2% for some cases, and 10% in others**

**TDS Rent – Land and Buildings**

Individuals/ Firm / Companies (everybody)= 10%

**TDS Rent - Plant and Machinery / Cars etc**

Individuals/ Firm / Companies (everybody)= 2%

**9. “Gifts in Kind” to be taxed (( as Income from Other Sources)) Sec-56 =**

a. **What ?**

- i. If you get a gift from someone ( value over Rs.50000 p.a.), You pay tax on it.
- ii. And if you get something and pay for it, but the “consideration” is insufficient to cover the fair market price, then, that difference is to be taxed.

b. **FSIA point**

- i. Beware, even a transfer of Shares, Work of Art, other non-money transactions are also going to be covered by this.

**10. Wealth Tax limit increased to Rs. 30 lakhs ( Old was Rs. 15 lakhs)**

a. **What ?**

- i. Earlier if you had Cars in your company / Jewellery / Vacant Urban Land etc for more than Rs. 15 lakhs, you had to pay 1% Wealth Tax.
- ii. Now this limit is increased to Rs. 30 Lakhs

b. **FSIA point**

- i. Still many members are not clear about the need of “Wealth Tax return”. Pls contact your CA for this.
- ii. It is still compulsory for wealth more than this limit.
- iii. Remember, which plot of land is below Rs. 30 lakhs ???? in Delhi or Faridabad ??
- iv. So, if you have land / Gold / properties etc, get proper guidance from your friendly Chartered Accountant. He will help you. Give you proper advice.

**11. Partners’ Maximum permitted Salary Limits increased**

a. **What ?**

- i. Old salary limits were fixed in 1992.
- ii. Now after 17 long years, the limit was increased as follows.
- iii. This is w e f 1.4.2010

Case	Book Profits	Allowable Salary to Partners
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A	(a) on the first Rs.3,00,000 of the Book Profits or in case of a loss	→Rs.1,50,000 or at the rate of 90 per cent. Of the book-profit, whichever is more
B	(b) on the balance of the book-profit	→ at the rate of 60 %

**b. FSIA point**

- i. Many FSIA members are “Partnership Firms”
- ii. And the old limits were too low. (Abysmally low). Now it will be 60%
- iii. Pls remind your accountant for the same.

**12. Maximum Cash Payment Limits increased to Rs.35000**

**( only for payments to Transporters ) (NEW)**


**a. What ?**

Case	Cash payment to	Limit
A	Payment to Transporters	Rs. 35000 / day
B	Payment to others	Rs. 20000 per day

**b. FSIA point**

- i. This point is still not known to many members.
- ii. Today the normal Full Truck cartage charge from any long distance shipment is over Rs. 20000 per truck. And these truck wala’s want “Hard Cash”. This is another government relief to them.
- iii. Use this for this year onwards.

**For queries, suggestions and feedback , you can e-mail us at :**

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**1<sup>st</sup> April 2010 is approaching, →**  
**it is “Time to change” your Systems to**  
**a good “E.R.P.”.**

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