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Relief for tax-payers

By Our Correspondent

July 6: Higher exemption limits and removal of surcharge on the higher salaried class would provide some, if not huge, relief to income tax payers.

Calculations suggest that the hike in the exemption limit by Rs 10,000 for individuals and women from the existing limits both categories of taxpayers stand to save tax of about Rs 1,030 per annum for income up to Rs 10 lakh.

Senior citizens on the other hand would now be able to save additional Rs 1,545 annually for the same level of income as the exemption limit for them have been increased by Rs 15,000.

In case of higher salaried class above Rs 10 lakh for

whom the 10 per cent surcharge has been removed, the benefit would be much higher. Thus, those with an annual income of Rs 15 lakh stands to gain Rs 37,596, while individuals having an annual income of RSs 1 crore would now be able to save Rs 3 lakh. As per an estimate given by a portal dedicated to taxation issues, the total number of individuals having an annual income of Rs 10 lakh or more stand at 1,86,000.

The Union Budget for 2009-10 has raised the exemption limit for general taxpayers by Rs 10,000 to Rs 1,60,000. For women taxpayers the exemptions limit has been increased by Rs 10,000 to Rs 1,90,000, while the exemption limit for senior citizens (65 years and above) has been raised by Rs 15,000 for senior citizens to Rs 2,40,000.

The raising of the exemption limit, in effect means that under the new income tax slabs, the tax liability for an individual having an income of below Rs 1,60,000 would be nil. Earlier, no tax liability stood for individuals having an annual income of below Rs 1,50,000.

Tax experts welcomed the changes in the personal income tax. “The changes in personal income tax structures are welcome step. The abolition of surcharge for individuals having an income of Rs 10 lakh or more, would lightened the tax burden to some extent for HNIs,” Uday Ved, head of tax, KPMG, told Financial Chronicle.

The finance minister, Mr Pranab Mukherjee, has also granted some relief to those who have dependents with severe disability undergoing treatment. “In addition to hike in exemption limit of personal income tax for various section, the deduction under section 80-DD in respect of maintenance including medical treatment of dependent with severe disability has been increased to Rs 1,00,000 from Rs 75,000. We would soon be releasing a discussion on direct tax code for public comment and a bill would be introduced for the same in the winter season,” said finance minister Pranab Mukherjee.

The finance minister has announced in budget speech that the income tax department would soon be introducing Saral II, which would make tax filing simple and faster.

The proposed direct tax code is basically an attempt to simplify tax related issues and deleting redundant income tax provision.

Mr Ketan Dalal, executive director, tax and regulatory services, Pricewaterhousecoopers, said that the new tax code was eagerly awaited.. “We are looking forward to the revamped tax code. Apart from increasing the exemption limit, the announcement of introducing direct tax code by next six months, is extremely welcome step,” Dalal said.