

JAIN SARAOGI & CO.

Chartered Accountants

BUDGET CIRCULAR

FINANCE BILL 2013

DIRECT TAX

INCOME TAX RATES

For Non Corporate Assesseees (including LLP) :-

NO CHANGE IN TAX RATES SUBJECT TO FOLLOWINGS:-

- Tax incentive of ` 2000/- to Individuals, HUF, AOP, BOI in case the total income does not exceed ` 500000/-.
- Surcharge @ 10% if total income exceeds ` 1 crore subject to marginal relief.

For Corporate Assesseees :-

NO CHANGE IN BASIC TAX RATES.

Surcharge shall be applicable as follows:

	If Total Income < ` 1 Crore	If Total Income > ` 1 Crore but < ` 10 Crore	If Total Income > ` 10 Crore
Domestic Company	0%	5%	10%
Foreign Company	0%	2%	5%

*Above surcharge shall be subject to marginal relief

TAX DEDUCTION AT SOURCE (TDS)

It is proposed to insert a new section 194-IA to provide that every transferee, at the time of making payment or crediting of any sum as consideration for transfer of immovable property (other than agricultural land) to a resident transferor, shall deduct tax, at the rate of 1% of such sum where value of consideration exceeds ` 50 Lacs.

SECURITIES TRANSACTION TAX (STT)

STT has been reduced only on the following cases:-

Nature of Transaction	Payable By	Proposed Rates (%)
Delivery based purchase of units of equity oriented fund entered into in a recognized stock exchange	Purchaser	Nil
Delivery based Sale of units of equity oriented fund entered into in a recognized stock exchange	Seller	0.001
Sale of a future in securities	Seller	0.01

JAIN SARAOGI & CO.
Chartered Accountants

Sale of a unit of an equity oriented fund to the mutual fund	Seller	0.001
--	--------	-------

*Effective from 1st June 2013

- Commodity transaction tax @ 0.01% has been introduced on non agricultural products.

DIVIDEND DISTRIBUTION TAX (DDT)

- Unlisted company would be liable to pay additional income-tax @ 20% of the distributed income paid to the shareholder on buy back of shares. Such income in the hands of shareholder would be exempt
- Dividend distribution surcharge raised to 10%.

OTHER AMENDMENTS

- The return of income shall be regarded as defective unless the tax together with interest, if any, payable in accordance with the provisions of section 140A has been paid on or before the date of furnishing of the return.
- An incentive scheme of 15% as investment allowance for acquisition and installation of new plant or machinery by manufacturing company investing ` 100 Crores in plant and machinery during the period beginning from 1st April, 2013 and ending on 31st March, 2015.
- Extension of the sunset date from 31/03/2013 to 31/03/2014 under section 80IA (Deduction in respect of profit and gain from industrial undertaking or an enterprise engaged in infrastructure development etc.) for the power sector.
- Additional Deduction u/s 80EE (in addition to section 24(b)) for Interest on housing loan taken from financial institution during Financial Year 2013-14 for loan amount not exceeding ` 25 Lacs for first home buyers upto a maximum amount of ` 1 Lac. The value of the residential house property should not exceed ` 40 Lacs.
- Any sum including the sum allocated by way of bonus received under an insurance policy issued on or after 01.04.2013 for the insurance on the life of any person who is
 - (i) a person with disability or a person with severe disability as referred to in section 80U, or
 - (ii) suffering from disease or ailment as specified in the rules made under section 80DDB,shall be exempt under clause (10D) of section 10 if the premium payable for any of the years during the term of the policy does not exceed 15% of the actual capital sum assured.
- Amendment of sub-section (3A) of section 80C to provide that the deduction under the said section on account of premium paid in respect of a policy issued on or after 01.04.2013 for insurance on the life of a person who is

JAIN SARAOGI & CO.

Chartered Accountants

- (i) a person with disability or a person with severe disability as referred to in section 80U, or
- (ii) suffering from disease or ailment as specified in the rules made under section 80DDB,
- shall be allowed to the extent the premium paid does not exceed 15% of the actual capital sum assured.
- Section 80CCG (Rajiv Gandhi Equity Savings Scheme) has been proposed to include investments in equity oriented funds and the deduction under the section shall be allowed for three consecutive assessment years beginning from the assessment year in which the shares were acquired by the new retail investor whose gross total income does not exceed ` 12 Lacs.
 - 100% deduction for donation to National Children's Fund shall be allowed u/s 80G.
 - Introduction of section 43CA, in case a real estate developer or trader transfer of immovable property being land, building or both the sale consideration shall be taken as income as stamp value if it exceeds the consideration effective from 1.4.2013.
 - It is proposed to amend the provisions of clause (vii) of sub-section (2) of section 56 so as to provide that where any immovable property is received for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees, the stamp duty value of such property as exceeds such consideration, shall be chargeable to tax in the hands of the individual or HUF as income from other sources.
 - Small and Medium Enterprises, to be permitted to list on the SME Exchange without being required to make an Initial Public Offer.
 - Where a foreign investor has a stake of upto 10% in a company it will be treated as FII and where a foreign investor has a stake of more than 10% it will be treated as FDI.
 - The tax rate in case of non-resident taxpayer, in respect of income by way of royalty and fees for technical services as provided under section 115A, is proposed to be increased from 10% to 25%. This rate of 25% shall be applicable to any income by way of royalty and fees for technical services received by a non-resident, under an agreement entered after 31.03.1976, which is taxable under section 115A.
 - Definition of capital assets has been amended in case of agriculture land in rural India.
 - Exception u/s 10(10D) shall not be available in case of amount received for keyman insurance policies
 - GAAR rules has been amended and will be applicable from 1-4-2016.
 - Non tax benefits may be made available to a MSME unit for three years after it graduates to a higher category.

WEALTH TAX

Jain Saraogi & Co.

1, Crooked Lane, Kol-69

Budget circular A.Y 2014-15

JAIN SARAOGI & CO.

Chartered Accountants

- The board may make rules requiring e-filing of wealth tax returns.
- Definition of urban land has been amended.

INDIRECT TAX

SERVICE TAX

- No change in service tax rate of 12 percent.
- Service tax on all air conditioned restaurants regardless of whether or not they serve alcohol.
- No service tax on agricultural testing procedures.
- No service tax on vocational courses run by institutes affiliated to state governments.
- Exemption of Service Tax on copyright on cinematography limited to films exhibited in cinema halls.
- To encourage voluntary compliance and broaden the tax base, it is proposed to provide one time amnesty by way of (i) waiver of interest and penalty; and (ii) immunity from prosecution, to the stop filers, non-filers or non-registrants or service providers (who have not disclosed true liability in the returns filed by them during the period from October 2007 to December 2012) who pay the "tax dues".
- Reduction in abatement rate to 70% for under construction apartments having carpet area of 2000sq feet or more or value exceeds ` 1 Crore.
- Vehicle parking service facility for general public is now taxable.

CUSTOMS

- No change in peak basic custom duty rate on non-agri goods.
- 2% customs duty on bituminous coal.
- Duty on specified machinery for manufacturing of leather and leather goods including footwear reduced from 7.5% to 5%.
- Duty on pre-formed precious and semi-precious stones reduced from 10% to 2%.
- Male passengers can get ` 50,000 and female passengers can get ` 100,000 duty-free jewellery, if residing aboard for more than 1 year.

EXCISE

- No change in standard rate of excise duty.
- Zero excise duty on cotton at the fibre stage.
- Duty on mobile phones priced at more than ` 2000 raised to 6%.
- Handmade jute, coir carpets to be excise duty exempt.