

## Income Tax Rates - Budget 2009

These rates are subject to enactment of the Finance Bill 2009. The Rates are for the Tax Year 2009-10.

### 1. Income Tax Rates

1.1 For Individuals, Hindu Undivided Families, Association of Persons and Body of Individuals

Total Income	Tax Rates
Up to INR 160000(a)(b)	Nil
INR 160001 to INR 300000	10%
INR 300001 to INR 500000	20%
INR 500001 and above(c)	30%

- (a) In the case of a resident woman below the age of sixty-five years, the basic exemption limit is INR 190000.
- (b) In the case of a resident individual of the age of sixty-five years or above, the basic exemption limit is INR 240000
- (c) Surcharge is not applicable.
- (d) Education cess is applicable @ 3% on income-tax.
- (e) Marginal relief may be available.

### 1.2 For Co-operative Societies

Total Income	Tax Rates
Up to INR 10000	10%
INR 10001 to INR 20000	20%
INR 20001 And Above	30%

On the above surcharge is not applicable. Education cess is applicable @ 3% on income-tax.

### 1.3 For Local Authorities

Local authorities are taxable at @30 Percent. Surcharge is not applicable. Education cess is applicable @ 3% on income-tax.

### 1.4 For Firms (including Limited Liability Partnership)

- Firms (including Limited Liability Partnership [LLP]) are Taxable @ 30 percent
- Surcharge is not applicable
- Education cess is applicable @ 3 percent on income-tax.

### 1.5 For Domestic Companies

- Domestic companies are taxable @30 percent
- Special code for computation of total income of Insurance companies. The rate of tax on profits from life Insurance business is 12.5 percent
- Surcharge is applicable @ 10 percent if total income is in Excess of INR 10,000,000
- Education cess is applicable @ 3 percent on income-tax (Inclusive of surcharge, if any)
- Marginal relief may be available.

### 1.6 For Foreign Companies

- Foreign companies are taxable @ 40 percent
- Surcharge is applicable @ 2.5 percent if total income is in Excess of INR 10,000,000
- Education cess is applicable @ 3 percent on income-tax (Inclusive of surcharge, if any)
- Marginal relief may be available.

### 2. Minimum Alternate Tax

- Minimum Alternate Tax (MAT) is levied @ 15 percent of The adjusted book profits in the case of those companies Where income-tax payable on the taxable income According to the normal provisions of the Income-tax Act, 1961(the Act), is less than 15 percent of the adjusted book profits
- MAT credit is available for 10 years
- Surcharge is applicable @ 10 percent in the case of Domestic companies if the adjusted book profits are in excess of INR 10,000,000

- Education cess is applicable @ 3 percent on income-tax (Inclusive of surcharge, if any).

### 3. Securities Transaction Tax

Securities Transaction Tax (STT) is levied on the value of Taxable securities transactions as under:

Transaction	Rates	Payable By
Purchase or Sale of Equity shares, units of equity oriented mutual fund (delivery based)	0.125%	Purchaser/Seller
Sale of Equity shares, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.017%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of an futures in securities	0.017%	Seller
Sale of unit of an equity oriented fund to the mutual fund	0.25%	Seller

### 4. Commodities Transaction Tax

Commodities Transaction Tax (CTT) was proposed to be levied On the value of taxable commodities transactions as under:

Transaction	Rates	Payable By
Sale of an options in goods or an option in commodity derivative	0.017%	Seller
Sale of an options in goods or an option in commodity derivative, where option is exercised	0.125%	Purchaser
Sale of an any other commodity derivative	0.017%	Seller

CTT is not applicable w.e.f. 1 April 2009.

### 5. Fringe Benefit Tax

- Tax on specified fringe benefits provided to employees @ 30 percent plus applicable surcharge and education Cess thereon
- Fringe Benefit Tax is not applicable on or after 1 April 2009.

### 6. Wealth Tax

Wealth tax is imposed @ 1 percent on the value of specified Assets held by the taxpayer on the valuation date (31 March) in excess of the basic exemption of INR 3,000,000.

### 7. Dividend Distribution Tax

- Dividend distributed by an Indian Company is exempt From income-tax in the hands of all shareholders. The Indian Company is liable to pay Dividend Distribution Tax (DDT) @ 16.995 percent (i.e. inclusive of surcharge and Education cess) on such dividends.
- The amount of dividend declared by the parent company (i.e. holding more than 50 percent of capital) will be Reduced by the amount of dividend received from its Subsidiary company for the purposes of computing DDT Payable by the parent company if:
  - Such dividend is received from its subsidiary;
  - The subsidiary has paid DDT on such dividend; and
  - The parent company is not a subsidiary of any other Company. Further, dividend paid to any person for and on behalf of New Pension System Trust will also be reduced.
- Income received by unit holders from a Mutual Fund is exempt from income-tax. The Mutual Fund (other than Equity oriented mutual fund) will pay income distribution

Tax of:

- 28.325 percent (inclusive of surcharge and education Cess) on income distributed by a money market Mutual fund or a liquid fund
- 14.163 percent (inclusive of surcharge and education Cess) on income distributed to any person being an Individual or a Hindu Undivided Family by a fund Other than a money market mutual fund or a liquid Fund; and
- 22.660 percent (inclusive of surcharge and education Cess) on income distributed to any other person by a Fund other than a money market mutual fund or a Liquid fund.

### 8. Special rates for non-residents

(1) The following incomes in the case of non-resident are Taxed at special rates on gross basis:

Nature of Income	Rate (a)
Dividend(b)	20%
Interest received on loans given in foreign currency to Indian concern or Government of India	20%
Income received in respect of units purchased in foreign currency of specified Mutual Funds/UTI	20%
Royalty or fees for technical services	For Agreements entered into: -After 31May 1997but before 1 June 2005 -@ 20% -On or after 1 June 2005 -@10%
Interest on FCCB/Dividend on GDRs(b)	10%

- (a) These rates will further increase by surcharge and Education cess  
 (b) Other than dividends on which DDT has been paid  
 (c) In case the non-resident has a Permanent Establishment (PE) in India and the royalty/fees for Technical services paid is effectively connected with Such, the same could be taxed @ 40 percent (plus Surcharge and education cess) on net basis.

(2) Tax on non-resident sportsmen or sports association on Specified income @ 10 percent plus applicable surcharge and education cess.

### 9. Capital Gains

Particulars	Short-Term Capital gains tax rates(a)	Long-Term Capital gains tax rates(b)
Sale transactions of equity shares/units of an equity oriented fund which attract STT	15%	Nil
Sale transaction other than mentioned above:		
Individuals (residents & non-residents)	Progressive slab rates	20% with indexation; 10% without indexation (for units/Zero coupon bonds)
Firms including LLP (resident & non-resident)	30%	
Resident companies	30%	
Overseas financial organizations specified in section 115AB	40% (Corporate) 30% (Non-corporate)	10%
Fils	30%	10%
Other foreign companies	40%	20%/10%
Local authority	30%	10% without indexation (for units/Zero coupon bonds)/20% (for others)
Corporate society	Progressive slab rates	

(a) These rates will further increase by applicable Surcharge and Education cess.

### 10. Presumptive Taxation

(1) In the case of a non-resident taxpayer

Business	Rate at which income is Presumed
Shipping(b)	7.5% of gross receipts
Explorations of mineral oil(b/c)	10% of gross receipts
Operations of Aircraft(b)	5% of gross receipts
Turnkey powder projects(b/c)	10% of gross receipts

(2) All resident taxpayers

Business	Rate at which income is Presumed
i) Small Business [excluding (ii)] (a)(b)(c)(d)	8% of gross turnover/receipts
ii) Plying, Leasing or hiring of trucks (person should not own over 10 goods carriage at any time during the previous year)(b)(c)(f)	INR 3500/month/part of month for each heavy goods vehicle. INR 3500/month/part of month for each Light goods vehicle.
iii) Retail Business (a)(b)(c)(e)	5% of total turnover

- (a) The gross receipts of the taxpayer do not exceed INR 4,000,000.  
 (b) All deductions/expenses (including depreciation) shall Be deemed to have been allowed.  
 (c) The taxpayer can claim lower profits, if he keeps and Maintains specified books of accounts and obtains a tax audit report.  
 (d) Applicable to Individuals, Hindu Undivided Families And Firm - excludes LLP, tax payer availing deduction Under Section 10A, Section 10AA, Section 10B, Section 10BA or Chapter VI-A(C) of the Act.

(e) Not applicable with effective from 1 April 2010.  
 (f) INR 5,000 per month/part of month for heavy goods Vehicle and INR 4,500 for light goods vehicles  
 Applicable with effect from 1 April 2010.

(3) Special code of tonnage tax on income earned by domestic Shipping companies.

### Personal Income Tax

Individual	Income Level		
	500,000	1,000,000	1,500,000
Current Tax	56,650	211,150	402,215
Proposed Tax	55,620	210,120	364,620
Effective Tax savings	1,030	1,030	37,595
Effective Tax savings (%)	2	0.5	9

Resident women Below 65 Years	Income Level		
	500,000	1,000,000	1,500,000
Current Tax	53,560	2,08,060	3,98,816
Proposed Tax	52,530	207,030	361,530
Effective Tax savings	1,030	1,030	37,286
Effective Tax savings (%)	2	0.5	9

Resident Senior Citizen	Income Level		
	500,000	1,000,000	1,500,000
Current Tax	48,925	203,425	393,718
Proposed Tax	47,380	201,880	356,380
Effective Tax savings	1,545	1,545	37,338
Effective Tax savings (%)	3	0.75	9