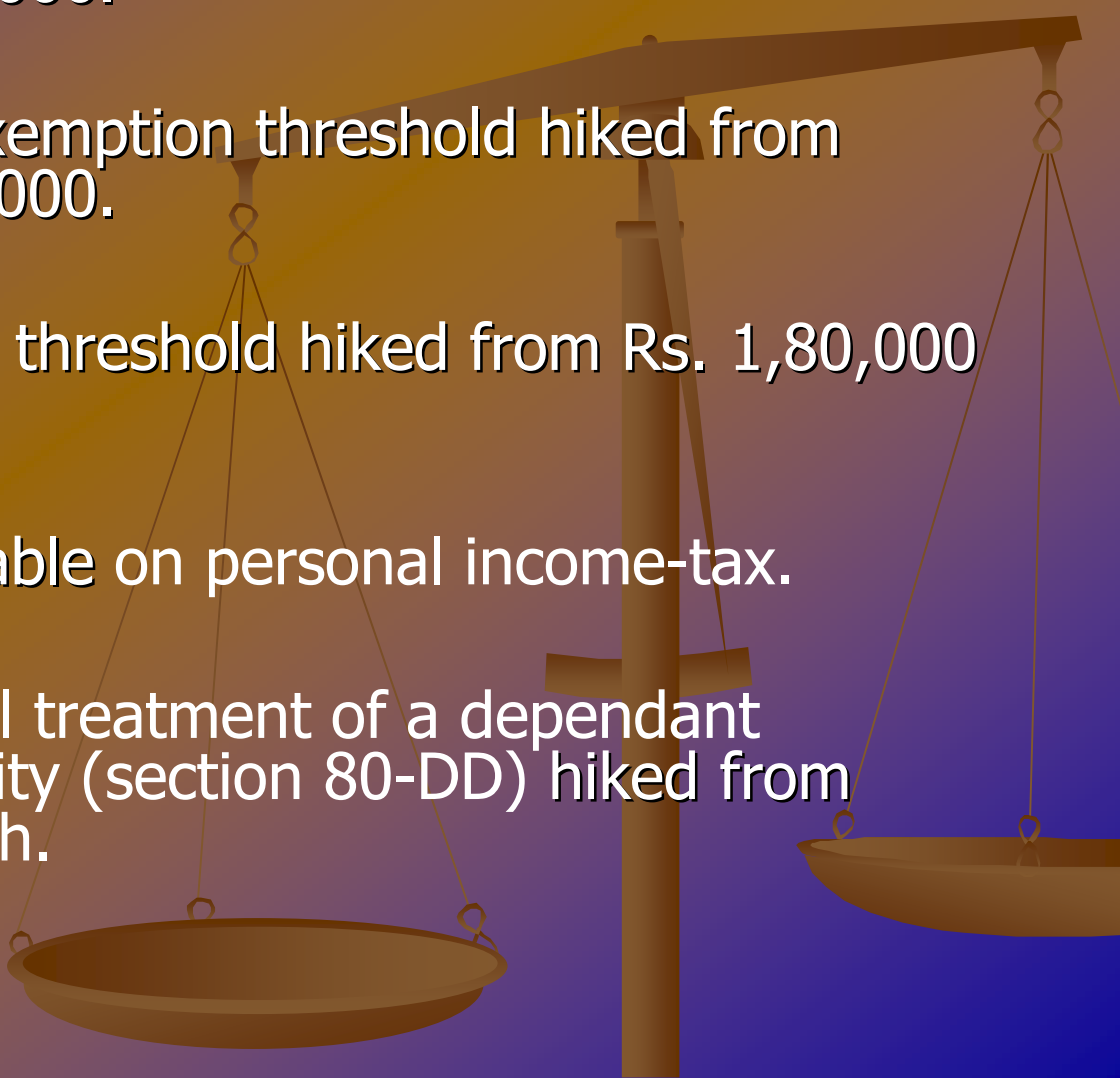




**UNION BUDGET 2009**  
**DIRECT TAX AND INDIRECT TAX**  
**HIGHLIGHTS**

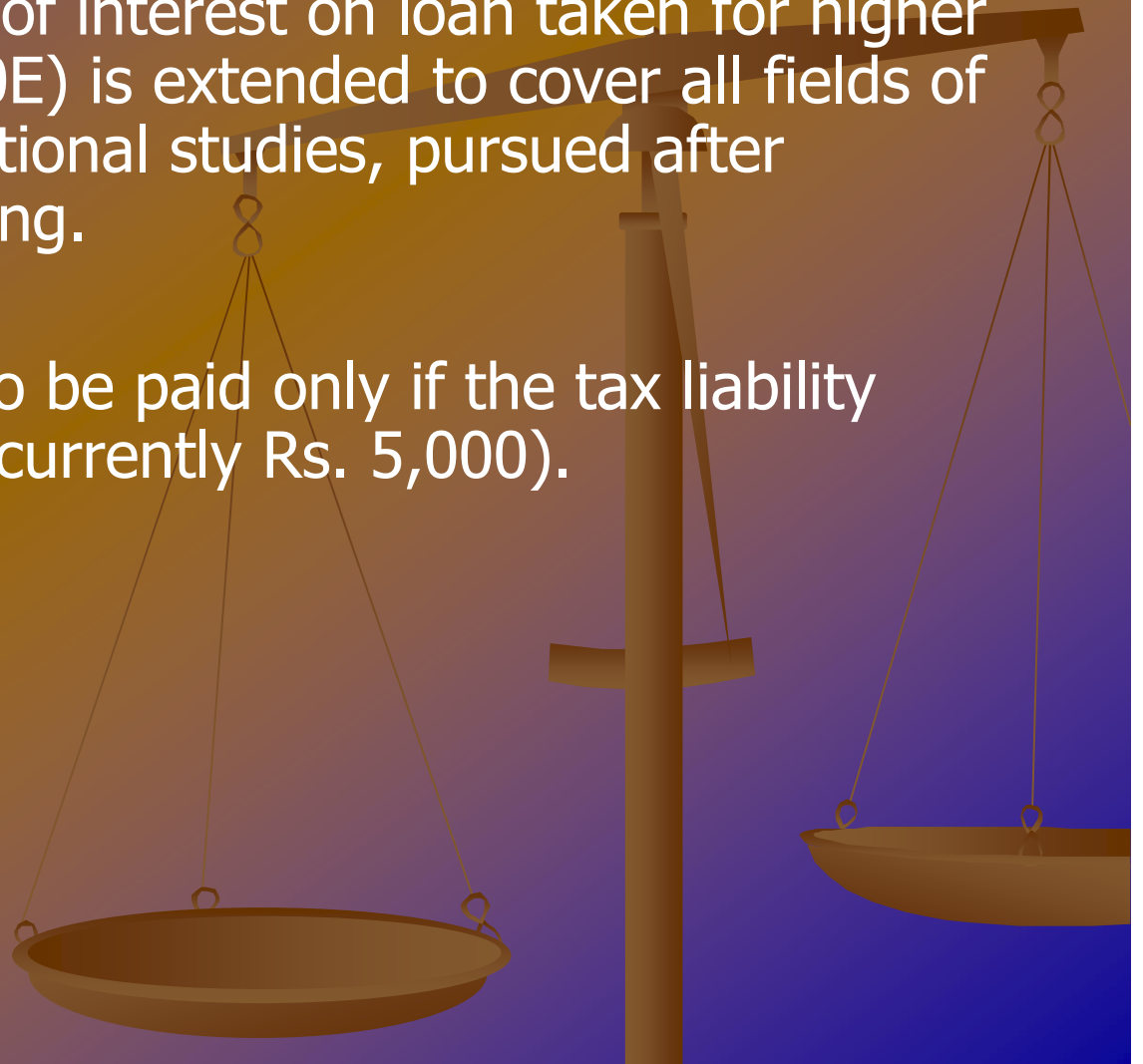
**Korah & Korah**  
**CHARTERED ACCOUNTANTS**

# PERSONAL TAX

- Individual tax exemption threshold hiked from Rs. 1,50,000 to 1,60,000.
  - Senior citizens' tax exemption threshold hiked from Rs. 2,25,000 to 2,40,000.
  - Ladies tax exemption threshold hiked from Rs. 1,80,000 to 1,90,000.
  - Surcharge not applicable on personal income-tax.
  - Deduction for medical treatment of a dependant suffering from disability (section 80-DD) hiked from Rs.75,000 to Rs.1 lakh.
- 

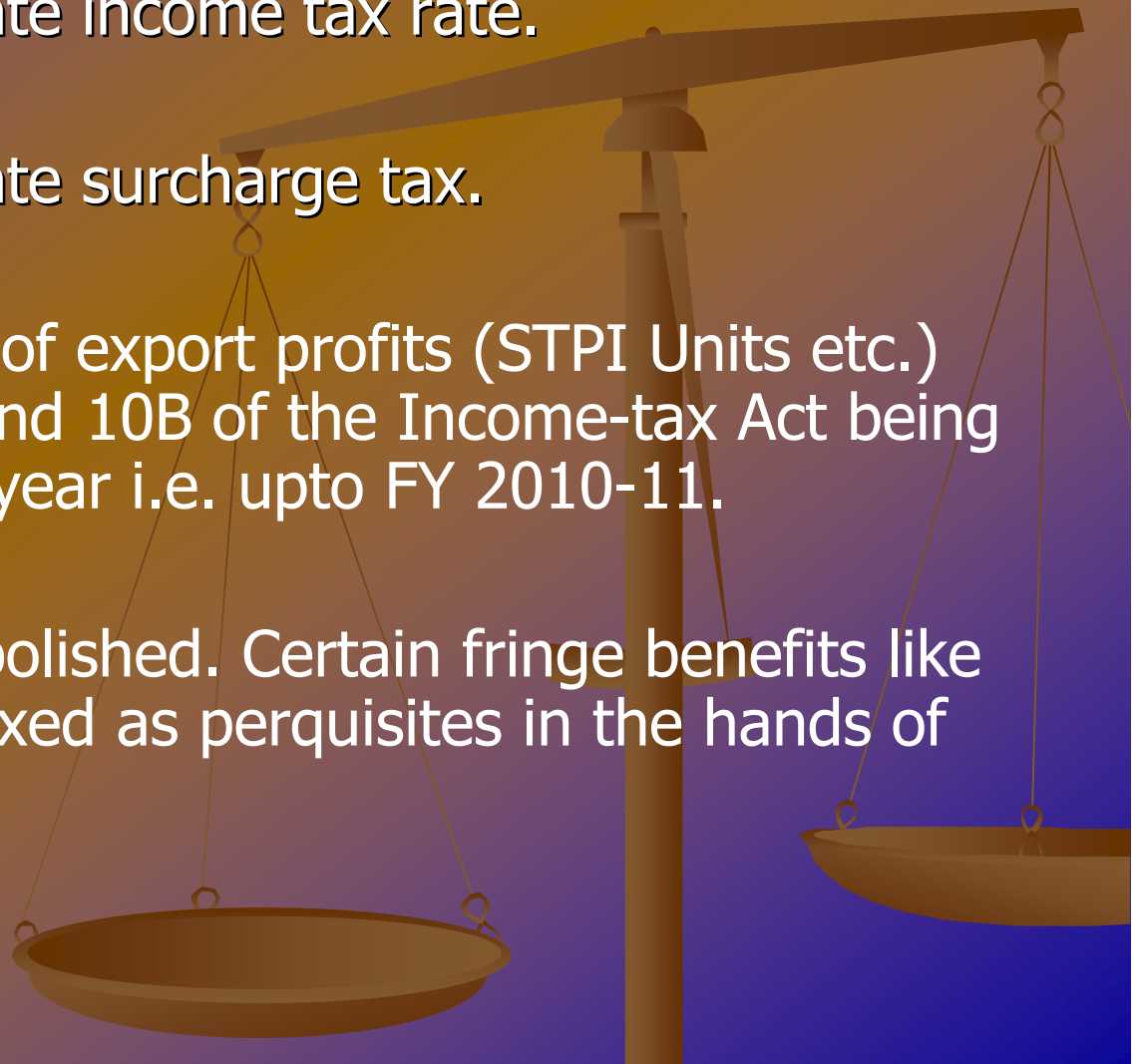
# PERSONAL TAX

- Deduction in respect of interest on loan taken for higher education (section 80E) is extended to cover all fields of study, including vocational studies, pursued after completion of schooling.
- Advance Tax needs to be paid only if the tax liability exceeds Rs. 10,000 (currently Rs. 5,000).



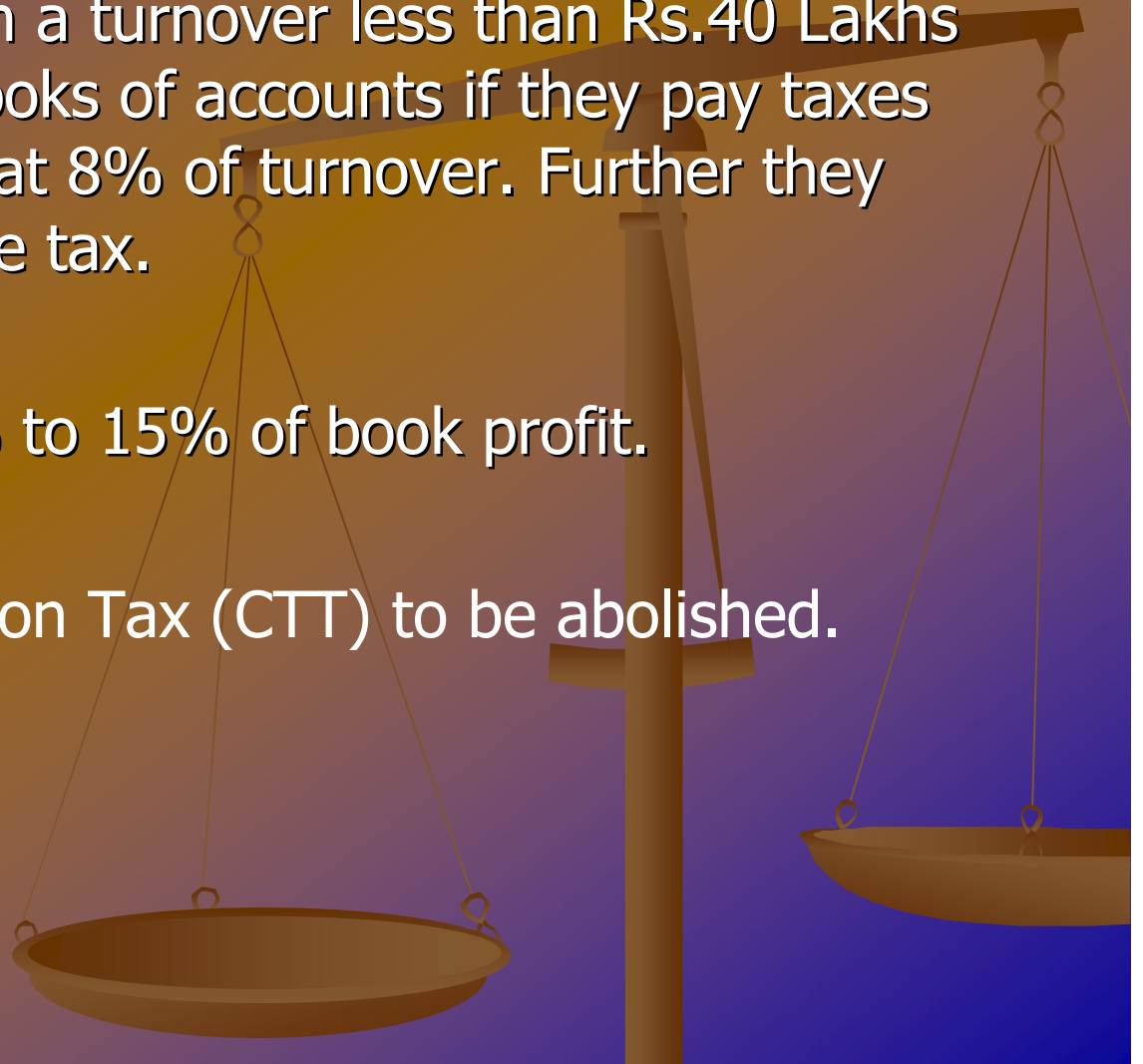
# CORPORATE TAX

- No change in corporate income tax rate.
- No change in corporate surcharge tax.
- Deduction in respect of export profits (STPI Units etc.) under sections 10A and 10B of the Income-tax Act being extended by 1 more year i.e. upto FY 2010-11.
- Fringe Benefit Tax abolished. Certain fringe benefits like ESOPs will now be taxed as perquisites in the hands of employees.

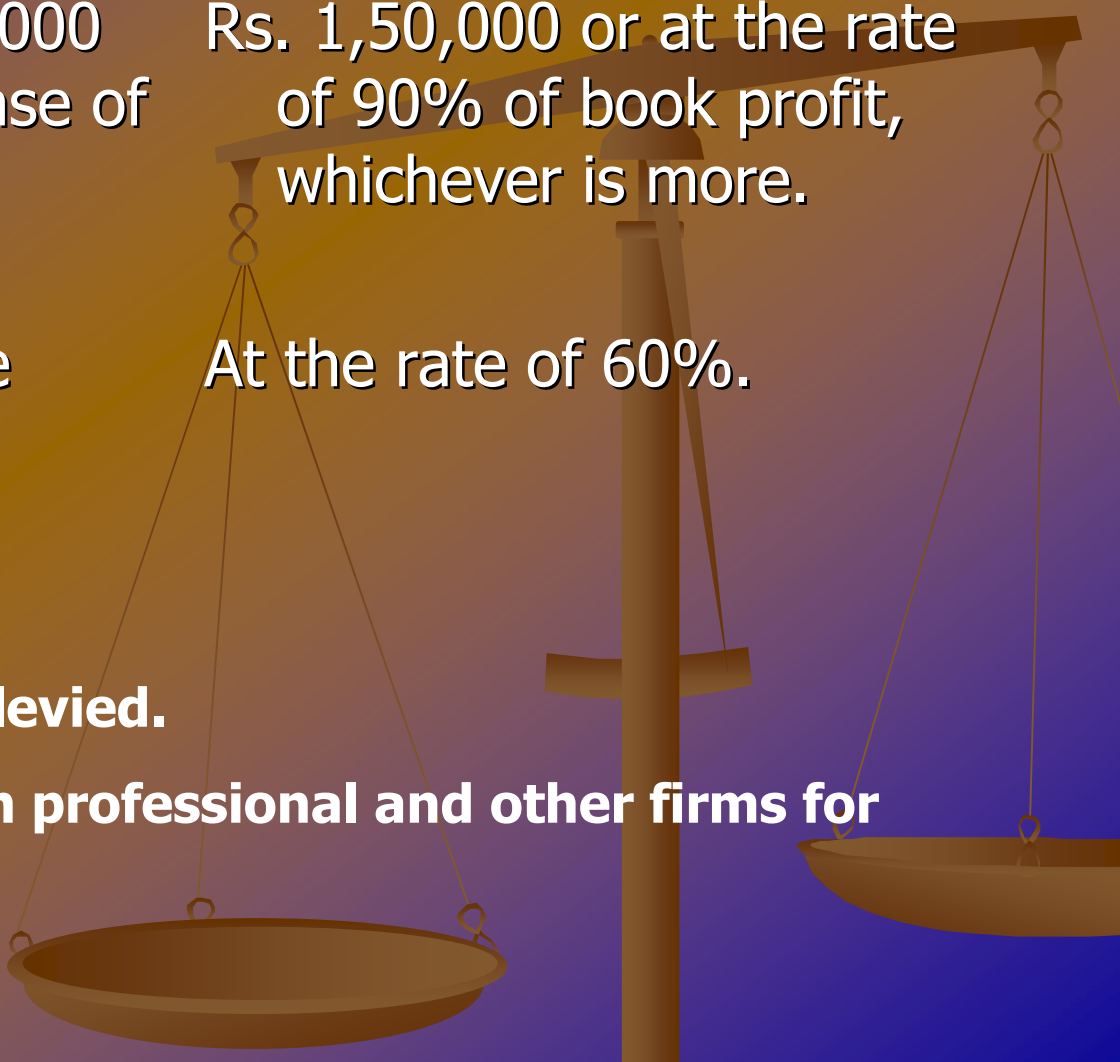


# CORPORATE TAX

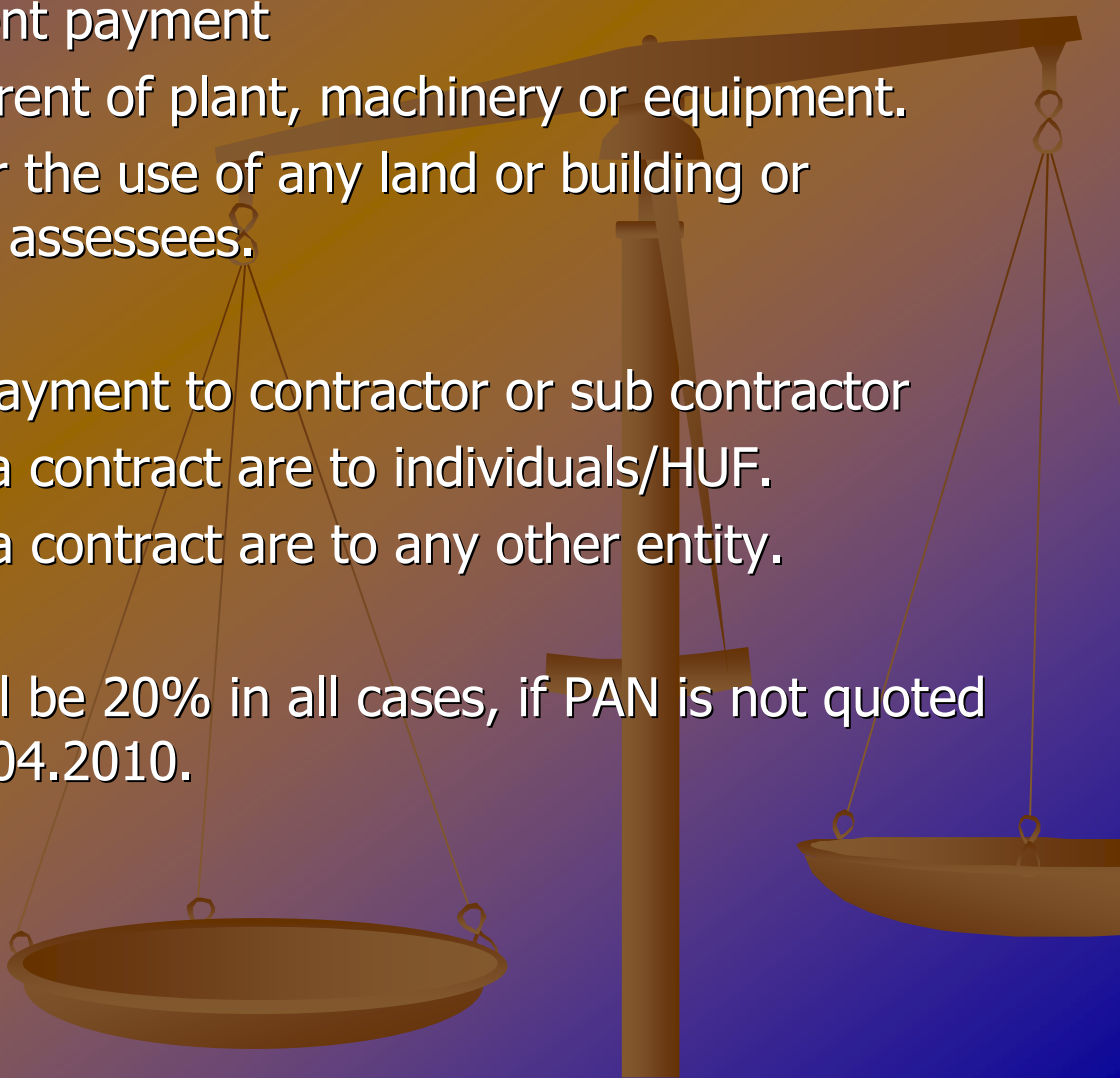
- Small businesses with a turnover less than Rs.40 Lakhs need not maintain books of accounts if they pay taxes on profits calculated at 8% of turnover. Further they need not pay advance tax.
- MAT hiked from 10% to 15% of book profit.
- Commodity Transaction Tax (CTT) to be abolished.



# Deduction for working partner salary increased as below:

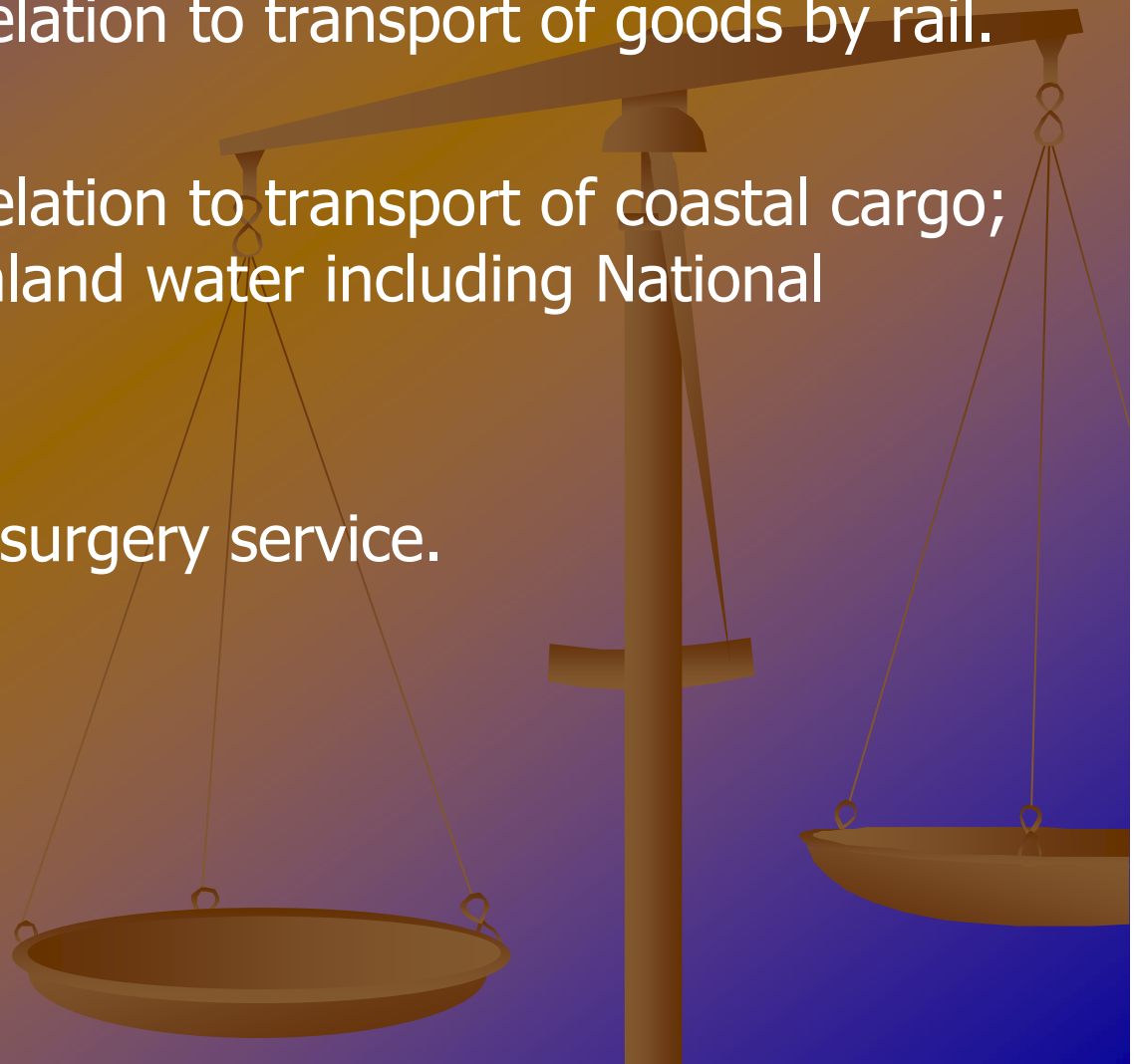
- on the first Rs. 3,00,000 of book profit or in case of loss-  
Rs. 1,50,000 or at the rate of 90% of book profit, whichever is more.
  - On the balance of the book profit-  
At the rate of 60%.
- **No surcharge shall be levied.**
  - **No distinction between professional and other firms for salary calculation.**
- 

# Tax deducted at Source rates lowered w.e.f 1.10.09

- Section 194- I- TDS on rent payment
    - a) 2% (currently 10%) for rent of plant, machinery or equipment.
    - b) 10% (currently 15%) for the use of any land or building or furniture or fittings for all assesseees.
  - Section 194- C- TDS on payment to contractor or sub contractor
    - a) 1% where payment for a contract are to individuals/HUF.
    - b) 2% where payment for a contract are to any other entity.
  - Note: The rate of TDS will be 20% in all cases, if PAN is not quoted by the deductee w.e.f. 1.04.2010.
- 

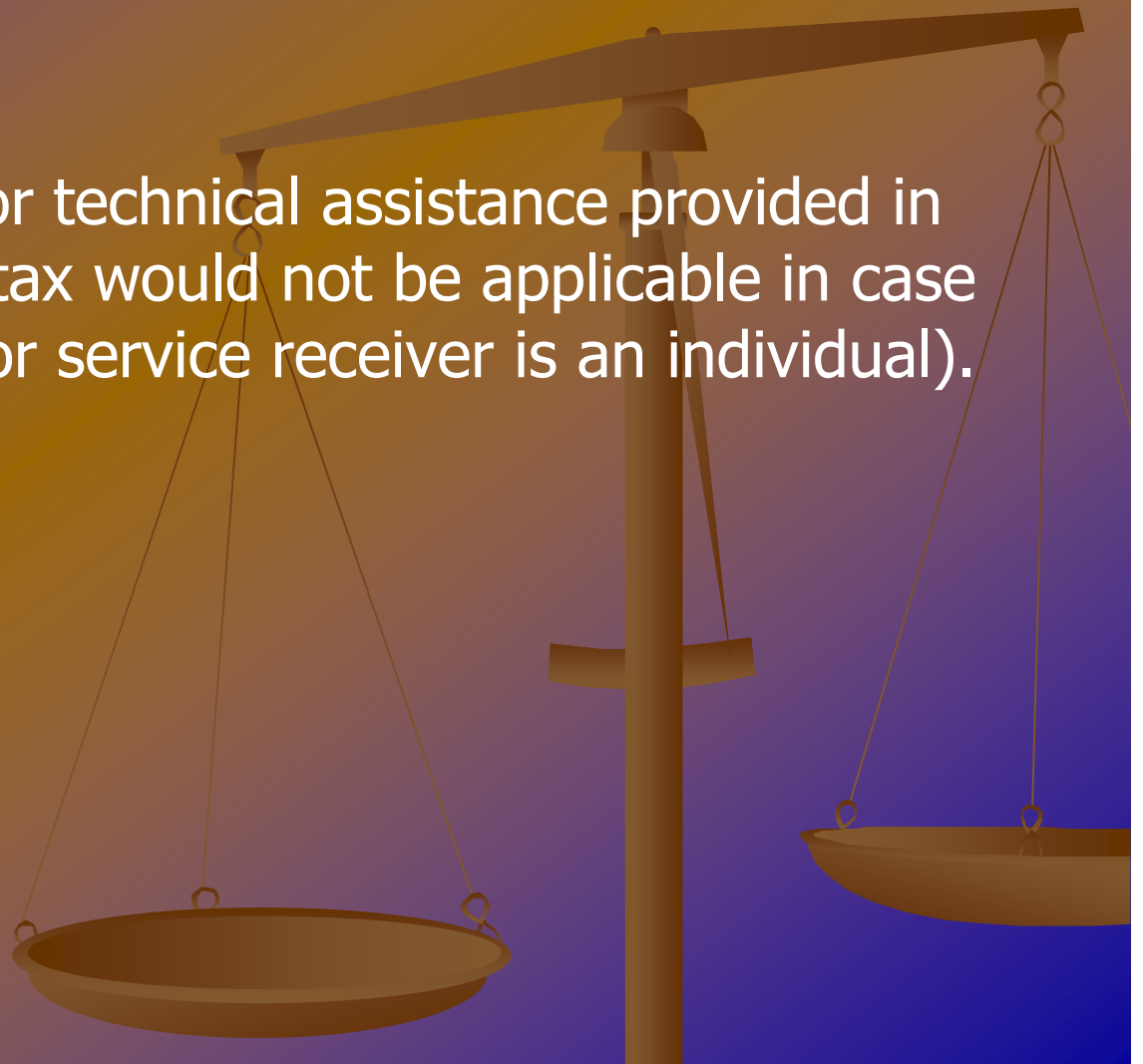
# Service Tax to be imposed on the following services:

- Service provided in relation to transport of goods by rail.
- Service provided in relation to transport of coastal cargo; and goods through inland water including National Waterways.
- Cosmetic and plastic surgery service.



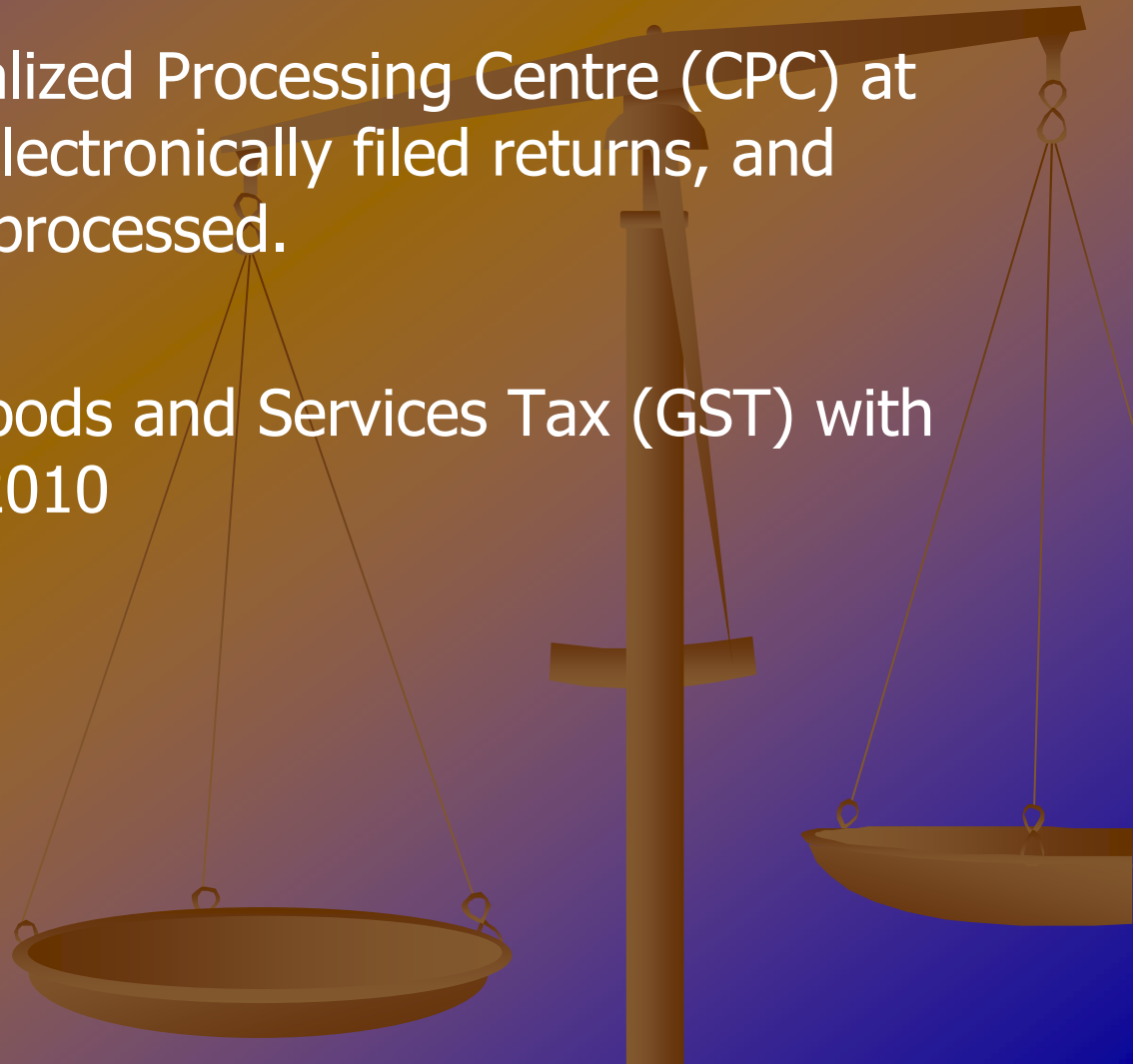
# Service Tax to be imposed on Lawyers

- Advice, consultancy or technical assistance provided in the field of law (this tax would not be applicable in case the service provider or service receiver is an individual).



# Administrative Proposals

- Setting up of a Centralized Processing Centre (CPC) at Bengaluru where all electronically filed returns, and paper returns will be processed.
- Introduction of the Goods and Services Tax (GST) with effect from 1<sup>st</sup> April, 2010



# Clarifications?

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