

Highlights of the budget announced in Indian Parliament on 28th February 2011.

Income tax in India

1. Exemption Limits raised for Sr. Citizens (60yrs) to 2.50 lacs & Males to 1.80 lacs. No change for women and very Citizen (80 yrs); 5 lacs
2. Surcharge on Domestic Co's reduced from 7.5% to 5%. & MAT raised to 18.5%.
3. New Corporate Tax rate for domestic companies marginally reduced from 33.22% to 32.445%
4. Direct Tax Code (DTC) proposed to be effective from 1st April 2012.
5. Weighted deduction on payments made to National Laboratories, Universities and Institute of Technology enhanced from 175% to 200%
6. Lower rate of 15 per cent on dividends received by an Indian Company from its foreign subsidiary.

Service & Excise Tax in India

1. Service Tax New services : AC bars, Hotel above Rs 1000 per day, health checkup, LIC services providers, Legal representative. Increased on Air travel.
2. Service Tax on air travel both domestic and international raised.
3. Reduction in number of exemptions in Central Excise rate structure.
4. General Excise Duty & Service tax remains 10%. Basic Excise rate raised from 4-5%.
5. Tax on all services provided by hospitals with 25 or more beds with facility of central air conditioning.
6. Optional levy on branded garments or made up proposed to be converted into a mandatory levy at unified rate of 10 per cent.
7. All individual and sole proprietor tax payers with a turnover up to Rs.60 lacs freed from the formalities of audit.