Highlights from Finance Bill 2013 with relate to Direct and Indirect Taxes

Honorable Finance Minister Mr. P Chidambaram has presented the Union Budget - 2013, today. In his budget speech, he unveiled the expenditure for fiscal 2013-14, aiming to fund it with higher revenues including new taxes on rich class and large companies.

Here are the some highlights from Finance Bill 2013 with relate to Direct and Indirect Taxes.

1. No revision in Tax slabs of Income Tax for individuals. A minor Tax credit of Rs.2,000 for whose income is up to Rs.5 lakh has been given (Rebate under Sec 87A).
2. Additional surcharge will be levied at 10% (other than Companies) whose income exceeds Rs 1 crore. Additional surcharges to be in force for only one year.
3. Rajiv Gandhi equity saving scheme is extended to mutual funds also. Income limit for the tax-saving Rajiv Gandhi Equity Savings Scheme is raised to Rs 12 lakh from Rs 10 lakh.
4. Housing loan up to Rs 25 lakhs in 2013/14 will be entitled to a deduction of interest up to Rs One lakh.
5. Donations made to National Children's Fund will now be 100% deductible.
6. Increase in surcharge from 5 to 10 percent on domestic companies whose taxable income exceed Rs.10 crore.
7. Tax on royalty and fees for technical services to NRIs increased from 10% to 25%.
8. In case of foreign companies who pay a higher rate of corporate tax, surcharge to increase from 2 to 5 percent, if the taxable income exceeds Rs.10 crore.
9. TDS of one percent on sale of immovable property over Rs 50 lakh, not applicable to agricultural land.
10. Dividend distribution tax or tax on distributed income, current surcharge increased from 5 to 10 percent.
11. Concessional rate of tax of 15 percent on dividend received by an Indian company from its foreign subsidiary proposed to continue for one more year.
12. A company investing Rs 100 crore or more in plant and machinery from April 1, 2013 to March 31, 2015 will be allowed 15 percent investment deduction allowance apart from depreciation.
13. Contributions made to schemes of Central and State Governments similar to Central Government Health Scheme, eligible for section 80D of the Income tax Act.
14. Permissible premium rate increased from 10 percent to 15 percent of the sum assured by relaxing eligibility conditions of life insurance policies for persons suffering from disability and certain ailments under section 80C
15. Eligible date' for projects in the power sector to avail benefit under Section 80-IA extended from 31.3.2013 to 31.3.2014.
16. No change in the basic rates of service tax. Service tax to now apply on all A/C restaurants.
17. Scope of negative list expanded. Vocational courses offered by institutes affiliated to the State Council of Vocational Training and testing activities in relation to agricultural produce also included in the negative list for service tax.
18. Service Tax Abatement Rate For Construction Sector Rationalized. For homes and flats with a carpet area of 2,000 sq.ft. or more or of a value of Rs.1 crore or more, which are high-end constructions, where the component of services is greater, rate of abatement reduced from 75 to 70 percent.