

Budget 2008 – Tax Card

These rates are subject to enactment of the Finance Bill 2008. The rates are for the Tax Year 2008-09.

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 150,000 ^{(a)(b)}	NIL
INR 150,001 to INR 300,000	10%
INR 300,001 to INR 500,000	20%
INR 500,001 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 180,000
- (b) In the case of a resident individual of the age of sixty five years or above, the basic exemption limit is INR 225,000
- (c) Surcharge is applicable @ 10 percent only where total income exceeds INR 1,000,000
- (d) Education cess is applicable @ 3 percent on income tax (inclusive of surcharge, if any)
- (e) Marginal relief may be available.

1.2 For Co-operative Societies

Total Income	Tax Rates
Up to INR 10,000	10%
INR 10,001 to INR 20,000	20%
INR 20,001 and above	30%

On the above, surcharge is not applicable. Education cess is applicable at the rate of 3 percent.

1.3 For Local Authorities

Local Authorities are taxable at the rate of 30 percent. Surcharge is not applicable. Education cess is applicable at the rate of 3 percent.

1.4 For Partnership Firms

- Partnership Firms are taxable @ 30 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).

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 (MAT)

- MAT is levied @ 10 percent of the adjusted book profits in the case of companies where income-tax payable on the taxable income according to the normal provisions of the Income-tax Act, 1961, is less than 10 percent of the adjusted book profits
- 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/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 derivatives ^(a)	0.017%	Seller
Sale of an option in securities ^(b)	0.017%	Seller
Sale of an option in securities, where option is exercised ^(b)	0.125%	Purchaser
Sale of a futures in securities ^(b)	0.017%	Seller
Sale of unit of an equity oriented fund to the Mutual Fund	0.25%	Seller

(a) Applicable upto 31 May 2008.

(b) Applicable w.e.f. 1 June 2008.

4. Commodities Transaction Tax

Commodities Transaction Tax (CTT) is levied on the value of taxable commodities transactions as under.

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

5. Fringe Benefit Tax

Tax on specified fringe benefits provided to employees @ 30 percent plus applicable surcharge and education cess thereon.

6. Wealth Tax

Wealth tax is imposed @ 1 percent on the value of specified assets held by the taxpayer in excess of the basic exemption of INR 1,500,000.

7. Banking Cash Transaction Tax

- Banking Cash Transaction Tax (BCTT) is levied at the rate of 0.1 percent of the value of following 'taxable banking transactions' entered with any scheduled bank on any single day:
 - Withdrawal of cash from any bank account other than a savings bank account; and
 - Receipt of cash on encashment of term deposit(s).
- Value of taxable banking transaction that attract BCTT:

In case of	Amount (INR)
An individual or HUF	> 50,000
Other than an Individual or HUF	> 100,000

- No BCTT shall be charged on or after 1 April 2009.

8. 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) of 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.
- 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.

9. 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	20%
Royalty or fees for technical services	For Agreements entered into: - After 31 May 1997 but before 1 June 2005 – @ 20% - On or after 1 June 2005 – @ 10%
Interest on FCCB, FCEB / 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 at 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.

10. Capital Gains

Particulars	Short-term capital gains tax	Long-term capital gains tax ^(a)
Sale transactions of equity shares / unit of an equity oriented fund which attract STT	15%	Nil
Sale transaction other than mentioned above:		
Individuals (resident and non-residents)	Progressive slab rates	20% with indexation; 10% without indexation (for units/ zero coupon bonds)
Partnerships (resident and non-resident)	30%	
Resident Companies	30%	
Overseas financial organisations specified in section 115AB	40% (corporate) 30% (non-corporate)	10%
FII's	30%	10%
Other Foreign companies	40%	20% / 10%
Local authority	30%	10% without indexation (for units/ zero coupon bonds) / 20% (for others)
Co-operative society	Progressive slab rates	

(a) To be increased by surcharge and education cess.

11. 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
Exploration of mineral oil ^{(b)(c)}	10% of gross receipts
Operations of Aircraft ^(b)	5% of gross receipts
Turnkey power projects ^{(b)(c)}	10% of gross receipts

- (2) All resident taxpayers

Business	Rate at which income is presumed
Civil Construction or supply of labour for civil construction ^{(a)(b)(c)}	8% of gross receipts
Plying, leasing or hiring of trucks (person should not own over 10 goods carriage at any time during the previous year) ^{(b)(c)}	INR 3,500 per month/ part of month for each heavy goods vehicle. INR 3,150 per month/ part of month for each light goods vehicle.
Retail Business ^{(a)(b)(c)}	5% of total turnover

- (a) The gross receipts of the taxpayer do not exceed INR 4,00,000
- (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.
- (3) Special code of tonnage tax on income earned by domestic shipping companies.

Personal Tax Scenarios

Individual	Income Level		
	500,000	1,000,000	1,500,000
Current Tax	101,970	256,470	452,067
Proposed Tax	56,650	211,150	402,215
Effective Tax Savings	45,320	45,320	49,852
Effective Tax Savings (%)	44	18	11

Resident women below 65 years	Income Level		
	500,000	1,000,000	1,500,000
Current Tax	98,365	252,865	448,102
Proposed Tax	53,560	208,060	398,816
Effective Tax Savings	44,805	44,805	49,286
Effective Tax Savings (%)	46	18	11

Resident senior citizen	Income Level		
	500,000	1,000,000	1,500,000
Current Tax	88,580	243,080	437,338
Proposed Tax	48,925	203,425	393,718
Effective Tax Savings	39,655	39,655	43,620
Effective Tax Savings (%)	45	16	10

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