Guide to Personal Tax

Sr. No.	Proposal	Impact
1	Personal income-tax slabs are proposed to be revised. However, there is neither any change in the number of slabs or tax rates for every slab (10%, 20%, 30%) nor in the basic exemption limit and education cess.	Individuals/HUFs with taxable income above Rs 1,60,000 and up to Rs 5,00,000 would be taxed at 10%, having taxable income from Rs 5,00,000 and up to Rs 8,00,000 at 20% and those having taxable income above Rs 8,00,000 at 30%. This means an effective tax savings of Rs 51,500 for individual taxpayers earning income of Rs 8,00,000.
2	Investments under infrastructure bonds (to be notified) up to Rs 20,000 is proposed to be eligible for deduction from taxable income under a new section.	Additional avenue available to save tax of upto Rs 6,180. This will also enable channelization of funds in the infrastructure sector.
3	Individuals/HUFs receiving immovable property exceeding stamp valuation of Rs 50,000 after October 1, 2009 at lower than stamp valuation would not be taxed as gifts.	This goes to withdraw the tax levied in the hands of the recipient of immovable property, purchasing the same on/after 1 October 2009 at lower than stamp valuation. This removes the double taxation, as the transferor (seller) was in any case subject to capital gains. If the sale value was less than the stamp value, for the purpose of capital gains the stamp value was treated as the consideration. To illustrate: Mr A is the buyer of property for Rs 20 lakh, and the stamp value of the same is Rs 25 lakh. Earlier, Mr A would have to pay tax on the difference of Rs 5 lakh and at the same time, Mr B, the seller would have paid capital gains taking the value to be Rs. 25 lakh. Now only Mr B will be subject to capital gains tax.
4	Individuals/HUFs receiving bullion (gold, silver and other precious metals) on/after June 1, 2010 would be taxed as gifts.	Now the value of bullion would be included in the taxable income of the recipient individual/ HUF and taxed based on the slab rates.
5	Deductions against contributions made by serving and retiring central government staff to health insurance policy increased to Rs 20,000 from the	This will enable govt employees to enjoy bigger tax break.

	earlier level of Rs 15,000 under Section 80D.	
6	The return filing form for salaried individuals is proposed to be in a simplified form, ie Saral 2.	Saral 2 is intended to be a simple two-pager form and once notified, would ease up the hassles of filling detailed return forms.
7	TDS certificates would continue to be issued by the tax deductor and maintained by the taxpayer	Earlier it was proposed to do away with the issue and maintenance of such physical TDS certificates. But, for now, such certificates will still be in use.
8	TDS threshold limits for various items, such as rent, lottery/horse race winnings, brokerage etc have been hiked	This will improve the cash available in the hands of the recipient of such income.