



NEWS ALERT

GOVT PROPOSES RADICAL CHANGES IN DIRECT TAXES

WEIRD??

It literally pays to beg on the streets in Britain, particularly in these times of salary cuts as collections can be as much as 200 pounds a night!

The police have discovered several cases of professionals who have suffered major salary cuts begging on the streets at night to supplement their falling incomes from day jobs.

One woman in the east Midlands town of Leicester admitted that she begged at night after her office job, so that she could pay for a new kitchen in her flat.

UPDATES

- India will finally sign a trade pact with 10 member regional grouping Asean, on Thursday after 6 years of negotiations.
- The government is actively considering raising the retirement age of all central government employees, including those in the armed forces, from the present 60 to 62 years.

A NEW CODE FOR ALL—UNDERSTANDING THE NEW I-T LAW

Bonanza for **INDIVIDUALS**

- Tax slabs pushed up sharply. Peak 30% rate proposed on income above Rs.25lac, 20% on income between Rs.10lac and Rs.25lac, 10% on income between Rs.1.6lac and Rs.10lac
- Scope of income expanded to include value of perks, gifts, profits in lieu of salary and capital gains but excludes farm income

Incentive for **SAVINGS**

- Deductions in respect of savings proposed to be hiked to Rs.3lac from current Rs.1lac, but tax breaks on housing knocked off
- Dividends will continue to be tax free in the hands of investors

Lower taxes for **CORPORATES**

- Corporate tax rate to drop to 25%, no surcharge/ cess
- MAT to be levied on gross assets as against book profits now, 0.25% for banking companies, 2% for others
- Business losses will be allowed to be carried forwards indefinitely
- Profit-linked incentives to give way to investment-linked incentives

Thrust of the code is to improve efficiency and equity of our tax system by removing distortions, moderating tax rates and expanding the tax base.

– Pranab Mukherjee, Finance Minister

