

## INCOME TAX RATES FOR THE ASSESSMENT YEAR 2006-2007

### PERSONAL INCOME TAX FOR INDIVIDUALS AND H.U.F

INCOME	UPTO	TAX RATES	
Rs 0 Rs 1,85,000 for senior citizens Rs 1,35,000 for women	Rs 1,00,000	NIL NIL NIL	Surcharges at 10% are payable on income of 10 lacs & above. Education cess on income tax plus surcharge will be levied at 2%.
Rs 1,00,000	Rs 1,50,000	10%	
Rs 1,50,000	Rs 2,50,000	20%	
Rs 2,50,000	Onwards	30%	

### DEDUCTIONS

1. Standard tax deduction scrapped.
2. Rebate under sections 88,88B and 88D withdrawn.
3. Deductions under section 80L withdrawn.
4. Savings up to 1 lacs will be eligible to deduction from gross total income under section.
5. Aggregate deduction under sections 80C, 80CCC and 80CCD will not exceed Rs 1 lac.
6. Tax on fringe benefits levied on employees (canteen expenses, conveyance exempted).
7. Corporate tax on domestic companies slashed to 30% with 10% surcharges.
8. Foreign companies to pay existing rate of 41.82%.
9. Interest on accounts maintained by NRI's with banks will be exempted.
10. Securities transaction tax has been raised from 0.015% to 0.02%.
11. Mobile phones taken out of one-sixth criterion for filling return. However a person paying electricity bill of more than 50,000 per month would be covered.
12. All partnership firms should file their returns of income irrespective of their level of income.

## **DEDUCTIONS**

In addition to the sum of Rs 1 lac, the following six deductions will continue to receive the same tax treatment as prevails.

- a) Interest paid on housing loan or self occupied house properly.
- b) Medical insurance premium.
- c) Specified expenditure on disabled dependent.
- d) Expense for medical treatment for self or dependent or a member of the H.U.F.
- e) Deduction in respect of interest on loans for pursuing higher studies.
- f) Deduction to a person with disability.

## **DEPRECIATION**

The general rate of depreciation of plant and machinery is reduced to 15% from 25%, for furniture and fittings to 10% from 15 %, for motor cars to 15% from 20%, for motor buses and lorries to 30% from 40%, rubber moulds to 30% from 40% and ships to 20% from 25%. The rate of depreciation is increased to 20%.

## **CASH WITHDRAWALS TAX**

Savings accounts	NIL
On current account of companies and firms	Exempt upto Rs 1 lac in a single day.
On current account of individuals and HUF	Exempt upto Rs 25,000 in a single day.

## **SERVICE TAX**

The rate of service tax will continue to be 10% plus surcharges, small services whose gross annual turnover is less than Rs 4 lacs are exempt from service tax.