

Bud-Get Set Go: The New Tax Impact

Written by Nisary Mahesh



It is a fact that most of us are confused how the tax calculation is done and the impact of the tax revisions. Here we give in simple tables the calculation of taxable amount as per the tax slabs and a comparison of the revised tax rates.

Comparison of Tax Slabs – FY 2009-2010 and FY 2010-2011

Rate

Slab under General Category 2009-2010

Slab under General Category 2010-2011

Slab for Women 2009-2010

Slab for Women 2010-2011

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Slab for Senior Citizen 2009-2010

Slab for Senior Citizen 2010-2011

10%

160000 – 300000

160000 - 500000

190000 – 300000

190000 – 500000

240000 – 300000

240000 - 500000

20%

300000 - 500000

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500000 - 800000

300000 - 500000

500000 - 800000

300000 - 500000

500000 - 800000

30%

500000 & Above

800000 & Above

500000 & Above

800000 & Above

500000 & Above

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800000 & Above

The major changes in the new tax rates are:

- Increase of the basic tax slab from 160000 – 300000 to 160000 – 500000
- Reduction of tax rate for the income group 500000 – 800000 from 30% to 20%

More Detailed Illustration

Above given illustration is an indication of the tax rates but the total tax to be paid is slightly more than the actual. The table below will help you to find out the tax amount to be paid under each category. The tax rates for the financial year 2009-2010 are to be paid by March of the assessment year 2010 and the rates of the financial year 2010-2011 is due by March 2011. So, by March 2010, tax are to be paid according to the rates announced last year and in March 2011, rates as be the new rates are applicable.

Attaching the Tax Rates of two assessment years as below:

Income Tax Rates/Slabs for FY 2009-10

Men

□

□

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Women

□

□

Senior Citizens

□

Annual Income

Tax Payable

□

Annual Income

Tax Payable

□

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Annual Income

Tax Payable

Up to Rs. 1.60 lakh

Nil

Upto Rs. 1.90 lakh

Nil

Up to Rs. 2.4 lakh

Nil

Rs. 1.60 -3.00 lakh

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10% of total income exceeding Rs. 1.60 lakh

Rs. 1.80 - 3.00 lakh

10% of total income exceeding Rs 1.90 lakh

Rs. 2.25 - 3.00 lakh

10% of total income exceeding Rs 2.4 lakh

Rs. 3.00 - 5.00 lakh

Rs. 14,000 +20% of total income exceeding Rs 3 lakh

Rs. 3.00 - 5.00 lakh

Rs 11,000 +20% of total income exceeding Rs 3 lakh

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Rs. 3.00 - 5.00 lakh

Rs 6,000 +20% of total income exceeding Rs 3 lakh

Rs. Above 5.00 Lakh

Rs 54,000 +30% of total income exceeding Rs 5 lakh

Rs. Above 5.00 Lakh

Rs 51,000 +30% of total income exceeding Rs 5 lakh

Rs. Above 5.00 Lakh

Rs 47,500 +30% of total income exceeding Rs 5 lakh

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* Education cess-3% on tax is applicable

Income Tax Rates/Slab for F Y 2010-11

Men

Women

Senior Citizens

Annual Income

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Tax Payable

□

Annual Income

Tax Payable

□

Annual Income

Tax Payable

Up to Rs. 1.60 lakh

Nil

□

Upto Rs. 1.90 lakh

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Nil

□

Up to Rs. 2.4 lakh

Nil

Rs. 1.60 - 5.00 lakh

10% of total income exceeding Rs. 1.60 lakh

□

Rs. 1.90 - 5.00 lakh

10% of total income exceeding Rs 1.90 lakh

□

Rs. 2.4 - 5.00 lakh

10% of total income exceeding Rs 2.4 lakh

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Rs. 5.00 - 8.00 lakh

Rs. 34,000 +20 of total income exceeding Rs 5 lakh

□

Rs. 5.00 - 8.00 lakh

Rs 31,000 +20% of total income exceeding Rs 5 lakh

□

Rs. 5.00 - 8.00 lakh

Rs 26,000 +20% of total income exceeding Rs 5 lakh

Rs. Above 8.00 Lakh

Rs 94,000 +30% of total income exceeding Rs 8 lakh

□

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Rs. Above 8.00 Lakh

Rs 91,000 +30% of total income exceeding Rs 8 lakh

□

Rs. Above 8.00 Lakh

Rs 86,000 +30% of total income exceeding Rs 8 lakh

- Education cess of 3% on the tax amount continues.

With the help of below table you can understand what will be your saving from the revised Tax rate.

Men

□

□

□

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□

□

□

□

Taxable Income

Tax (FY 2009-2010)

Tax (2010-2011)

Savings

200000

4120

4120

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0

300000

14420

14420

0

400000

35020

24720

10300

500000

55620

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35020

20600

600000

86520

55620

30900

700000

117420

76220

41200

800000

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148320

96820

51500

900000

179220

127720

51500

1000000

210120

158620

51500

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1030

Nil

300000

11330

11330

Nil

400000

31930

21630

10300

500000

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52530

31930

20600

600000

83430

52530

30900

700000

114330

73130

41200

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800000

145230

93730

51500

900000

176130

124630

51500

1000000

207030

155530

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51500

Senior Citizens

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Nil

Nil

Nil

300000

6180

6180

Nil

400000

26780

16480

10300

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500000

47380

26780

20600

600000

78280

47380

30900

700000

109180

67980

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41200

800000

140080

88580

51500

900000

170980

119480

51500

1000000

201880

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150380

51500

While announcing the new tax rates Mr. Pranab Mukherjee commented that with the new tax

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slabs, 60 percents of the taxpayers are benefited. Looking to the new changes in tax rates it can be analyzed that the common man who is earning less then or up to Rs. 3lakh per annum are not benefited from it whereas the upper middle class people who are earning more than Rs. 3lakhs and above are benefited. People with more than Rs.5lakhs per annum can save a considerable amount.

Other changes:

- For the coming Assessment Year (Assessment of the financial year 2010-2011) individuals and salaried tax payers have to fill a two page SARAL-II form to file tax returns.
- In addition to Rs. 1,00,000/- savings in Section 80C now we can save Rs 20,000/- in addition in long-term infrastructure bonds as notified by the Central Government.
- Any citizen in unorganised sector can open NPS account for the financial year (2010-11) with minimum payment 1000 and maximum 12,000. Government will pay Rs,1000 for next 3 years.