

Budget 2012: House panel for raising income tax exemption limit to Rs 3 lakh

A key Parliamentary Committee will adopt tomorrow the crucial report on Direct Taxes Code (DTC) Bill and recommend raising the income tax exemption limit to Rs 3 lakh from Rs 1.8 lakh at present.

The Standing Committee on Finance, headed by former Finance Minister and senior BJP leader Yashwant Sinha, will discuss the final draft of the report on the DTC Bill during its day-long meeting tomorrow.

The Committee is of the opinion that the income tax exemption limit should be Rs 3 lakh. The Bill has the provision of raising the limit to Rs 2 lakh.

The committee, according to sources, wants the government to raise the income tax exemption limit in view of the near double-digit inflation which has eroded purchasing power of rupee.

Finance Minister Pranab Mukherjee had tabled the DTC Bill in Lok Sabha in August which was referred to the Standing Committee for scrutiny.

The draft report, prepared by the Committee, has suggested categorisation of the home and commercial property for the purpose of income tax. The income from these two sources should accorded different tax treatment.

It wants the government to incorporate provisions to prevent misuse of the facilities and tax relief provided to People of Indian Origin (PIOs). The DTC, which seeks to modernise the direct taxation system, will replace the Income Tax Act, 1961.

Although the government is unlikely to introduce the DTC from April 1, 2012, as planned earlier, it may incorporate some of the provisions of the proposed law in the Budget for 2012-13, to be unveiled on March 16.

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