

UNION BUDGET 2012-2013 HIGHLIGHT

Direct Taxes

1. Exemption limit for the general category of individual (other than point B), HUF, AOP, BOI taxpayers enhanced from Rs.1,80,000 to Rs. 2,00,000. Slabs as under:

A.

Slabs (in Rupees)	General	Women
Up to 2,00,000	Nil	Nil
2,00,001 to 5,00,000	10%	10%
5,00,001 to 10,00,000	20 %	20 %
Above 10,00,000	30 %	30 %

B.

Slabs (in Rupees)	Senior Citizen (60 to 79)	Very Senior Citizen (80 +)
Up to 2,50,000	Nil	Nil
2,50,001 to 5,00,000	10 %	Nil
5,00,001 to 10,00,000	20%	20%
Above 10,00,000	30 %	30 %

2. For individual tax payers, a deduction of upto Rs.10,000 for interest from savings bank accounts.
3. Deduction of upto Rs. 5,000 for preventive health checks up.
4. Senior citizens not having income from business to be exempted from payment of advance tax.
5. No change in corporate tax structure

6. Low cost funds to stressed infrastructure sectors, rate of withholding tax on interest payment on ECBs to be reduced from 20 per cent to 5 per cent for 3 years for certain sectors.
7. A new equity scheme called Rajiv Gandhi Equity Saving Scheme is being introduced to promote equity investments. The scheme will get income tax deduction, which will be purely applicable to the new retail investors who will invest directly into equity up to Rs. 50,000, with a lock-in period of three years. The investor's annual income should not exceed Rs. 1,000,000.
8. Repatriation of dividends from foreign subsidiaries of Indian companies at a lower tax rate of 15 per cent upto 31.3.2013.
9. Investment link deduction of capital expenditure for certain businesses at the enhanced rate of 150 per cent.
10. Weighted deduction of 200 per cent for R&D expenditure in an inhouse facility for a further period of 5 years beyond March 31, 2012.
11. Weighted deduction of 150 per cent on expenditure incurred for agri-extension services.
12. Turnover limit for compulsory tax audit of account and presumptive taxation of SMEs to be raised from Rs. 60 lakhs to Rs.1 crore. For professionals limit is Rs. 25 lacs.
13. Exemption from Capital Gains tax on sale of residential property, if sale consideration is used for subscription in equity of a manufacturing SME for purchase of new plant and machinery.
14. Weighted deduction at 150 per cent of expenditure incurred on skill development in manufacturing sector.
15. Reduction in securities transaction tax by 20 per cent on cash delivery transactions.
16. Alternate Minimum Tax to all persons, other than companies, claiming profit linked deductions.
17. A net revenue loss of Rs. 4,500 crore estimated as a result of Direct Tax proposals.
18. Tax proposals for 2012-13 mark progress in the direction of movement towards DTC and GST.

Indirect Taxes

Custom

1. Basic customs duty reduced for certain agricultural equipment and their parts.
2. Basic customs duty and excise duty reduced on Soya products to address protein deficiency among women and children.
3. Basic customs duty and excise duty reduced on Iodine.
4. Baggage allowance raises from Rs 25,000 to Rs 35,000 for the people of Indian origin and from Rs 12,000 to Rs 15,000 for the children
5. Full exemption from basic customs duty for import of equipment for expansion or setting up of fertiliser projects upto 31st March, 2015.
6. Full exemption from basic customs duty and a concessional CVD of 1 per cent to steam coal till 31st March, 2014.
7. Full exemption from basic duty provided to certain fuels for power generation.
8. Full exemption from basic customs duty to coal mining project imports.
9. Basic custom duty to be reduced for machinery and instruments needed for surveying and prospecting for minerals.
10. Basic custom duty to be reduced for equipments required for installation of train protection and warning system and upgradation of track structure for high speed trains.
11. Full exemption from import duty on certain categories of specified equipment needed for road construction, tunnel boring machines and parts of their assembly.
12. Tax concessions for parts of aircraft and testing equipment for third party maintenance, repair and overhaul of civilian aircraft.
13. Relief to be extended to sectors such as steel, textiles, branded ready made garments, low-cost medical devices, labour-intensive sectors producing items of mass consumption and matches produced by semi-mechanised units.
14. Concessional basic customs duty of 5 per cent with full exemption from excise duty/CVD to 6 specified life saving drugs/vaccines.
15. Basic customs duty reduced on Probiotics.

16. Concessions and exemptions proposed for encouraging the consumption of Energy-saving devices, plant and equipment needed for solar thermal projects.
17. Concession from basic customs duty and special CVD on certain items imported for manufacture for hybrid or electric vehicle and battery packs for such vehicles.
18. Customs duty raised from 2% to 4% on standard gold
19. Basic customs duty proposed to be enhanced for certain categories of completely built units of large cars/MUVs/SUVs.
20. Import of foreign-going vessels to be exempted from CVD of 5 per cent retrospectively.
21. Indirect taxes estimated to result in net revenue gain of Rs. 45,940 crore.

Service Tax

1. Service Tax rate hike from 10% to 12%
2. Levy to tax all services except those in the negative list comprising of 17 heads.
3. Service tax need to bring it closer to Central Excise Law for eventual transition to GST.
4. A common simplified registration form and a common return comprising of one page for Central Excise and Service Tax.
5. Revision Application Authority and Settlement Commission to be introduced in Service Tax for dispute resolution.
6. Utilization of input tax credit permitted in number of services to reduce cascading of taxes.
7. Place of Supply Rules for determining the location of service to be put in public domain for stakeholders' comments.
8. New scheme announced for simplification of refunds.
9. Rules pertaining to point of taxation to be rationalised.
10. Proposals from service tax expected to yield additional revenue of Rs. 18,660 crore.

Excise

1. Standard rate of excise duty to be raised from 10 per cent to 12 per cent.
2. Merit rate from 5 per cent to 6 per cent and the lower merit rate from 1 per cent to 2 per cent with few exemptions.
3. Excise duty on large cars raised to 24%
4. Excise duty to increase on cigarettes, hand-rolled bidis, pan masala, gutkha, chewing tobacco, unmanufactured tobacco and zarda scented tobacco.
5. Cess on crude petroleum oil produced in India revised to Rs. 4,500 per metric tonne.
6. Excise duty rationalised for packaged cement, whether manufactured by minicement plants or others.
7. Levy of excise duty of 1 per cent on branded precious metal jewellery to be extended to include unbranded jewellery.
8. Branded Silver jewellery exempted from excise duty.
9. Chassis for building of commercial vehicle bodies to be charged excise duty at an *ad valorem* rate instead of mixed rate.