# Taxpayers want inflation to be factored in for IT exemption: Assocham survey

***Section 80C of the Income Tax Act allows certain investments and expenditure to be tax-exempt.***

Taxpayers want the IT-exemption limit be fixed keeping in view the price rise in the last five years and the taxation rules for salaried employees be simplified in the upcoming budget, a survey report said.

"The exemption limit should be adjusted at least for the inflation over the last five years and the rules for taxation of salaried employees should be reviewed in light of inflationary burden, high cost of housing, medical and education," said most respondents covered in Assocham survey.

Section 80C of the Income Tax Act allows certain investments and expenditure to be tax-exempt. The total limit under this section is Rs 1 lakh. Many small savings schemes like National Savings Certificates and Public Provident Fund are included in this.

Observing that the tax administration's sole aim remains maximisation of the collections from a small group of people, the survey of about 3,000 assessees noted that the policies of the administration are opaque while the refund process is fraught with complications.

"The feedback suggests as if the government is unwilling to make refunds for various reasons. Moreover, very little effort has been made to widen the tax base and reduce the tax rates," Assocham Secretary General D S Rawat said.

Taking into account the enormous increase in the cost of housing properties, the limit of interest paid on home loans needs to be revised to Rs 5 lakh. This would provide impetus to labour intensive housing sector as well, the survey said.

Similarly, the limit on premium paid on medical insurance under Section 80D should be revised as it has not kept pace with the changed ground realities, it added.

Section 80D of the Income Tax Act provides for tax deduction from the total taxable income for the payment (by any mode other than cash) of medical insurance premium paid by an individual or an HUF (Hindu Undivided Family).

Reflecting the ground realities, rate of household savings has come down from 25.2 per cent in 2009-10 to 21.9 per cent in 2012-1. Realising this fall, encouraging domestic savings as an important driver of investment and growth has become crucial, the survey said.

The survey was conducted in major cities like Delhi-NCR, Mumbai, Kolkata, Chennai, Ahmedabad, Hyderabad, Pune, Chandigarh and Dehradun, among others. About 300 income tax assessees were covered from each city on an average.

Almost 56 per cent of the survey respondents fall under the age bracket of 25-29 years, followed by 30-39 years (26 per cent), 40-49 years (16 per cent), 50-59 years and 60-65 years (2 per cent).

The survey covered people working in 18 sectors, with maximum employees from the IT/ITes sector (17 per cent), followed by 11 per cent from the financial services sector, 9 per cent from engineering and 8 per cent from telecom sector.

*(Financial Express)*