

## Budget 2007 – Tax Card

These rates are subject to enactment of the Finance Bill 2007. The rates are for the Tax Year 2007-08

### 1. Income Tax Rates

- 1.1 For Individuals, Hindu Undivided Family, Association of Persons and Body of Individuals

Income	Tax Rates
Up to Rs. 1,10,000 <sup>(1)(2)</sup>	NIL
Rs. 1,10,001 to Rs. 1,50,000	10%
Rs. 1,50,001 to Rs. 2,50,000	20%
Rs. 2,50,001 and above <sup>(3)</sup>	30%

- In the case of a resident woman below the age of sixty five years, the basic exemption limit is Rs. 1,45,000.
- In the case of a resident individual of the age of sixty five years or above, the basic exemption limit is Rs. 1,95,000.
- Surcharge is applicable @ 10% only where income exceeds Rs. 10,00,000.
- Education cess is applicable @ 3% on income tax (inclusive of surcharge, if any).

### 1.2 For Co-operative Societies

Income	Tax rates
Up to Rs. 10,000	10%
Rs. 10,001 to Rs. 20,000	20%
Rs. 20,001 and above	30%

- On the above, surcharge is not applicable. Education cess is applicable at the rate of 3%.

### 1.3 For Local Authorities

- Local Authorities are taxable at the rate of 30%. Surcharge is not applicable. Education cess is applicable at the rate of 3%.

### 1.4 For Partnership Firms

- Partnership Firms are taxable @ 30%.
- Surcharge is applicable @ 10% if income is in excess of Rs. 1,00,00,000.
- Education cess is applicable @ 3% on income tax (inclusive of surcharge, if any).

### 1.5 For Domestic Companies

- Domestic companies are taxable @ 30%.
- Surcharge is applicable @ 10% if income is in excess of Rs. 1,00,00,000.
- Education cess is applicable @ 3% on income tax (inclusive of surcharge, if any).
- Special code for computation of total income of insurance companies. The rate of tax on profits from life insurance business is 12.5% plus surcharge and education cess.

### 1.6 For Foreign Companies

- Foreign companies are taxable @ 40%.
- Surcharge is applicable @ 2.5% if income is in excess of Rs. 1,00,00,000.
- Education cess is applicable @ 3% on income tax (inclusive of surcharge, if any).

### 2. Minimum Alternate Tax (MAT)

- MAT is levied @ 10% of the adjusted book profits in case of those companies where income-tax payable on the taxable income according to the normal provisions of the Income-tax Act, 1961, is less than 10% of the adjusted book profits.
- Surcharge is applicable @ 10% in case of domestic companies if adjusted book profits are in excess of Rs. 1,00,00,000.
- Education cess is applicable @ 3% on income tax (inclusive of surcharge, if any).

### 3. Securities Transaction Tax (STT):

- STT is levied on the value of taxable securities transactions as under.

Transaction	Purchase/Sale of equity shares, units of equity oriented mutual fund (delivery based)	Sale of equity shares, units of equity oriented mutual fund (non – delivery based)	Sale of Derivatives	Sale of unit of an equity oriented fund to the Mutual Fund
Rates	0.125%	0.025%	0.17%	0.25%
Paid By	Purchaser / Seller	Seller	Seller	Seller

### 4. Banking Cash Transaction Tax (BCTT)

- Banking Cash Transaction Tax (BCTT) is levied at the rate of 0.1% of the value of following 'taxable banking transactions' entered with any scheduled bank on any single day:
  - Withdrawal of cash from any bank account other than a saving bank account; and
  - Receipt of cash on encashment of term deposit(s).
- Value of taxable banking transaction that attract BCTT:

In case of	Amount (Rs.)
An individual or HUF	50,000 or more
Other than an Individual or HUF	1,00,000 or more

### 5. Wealth Tax

- Wealth tax is imposed @ 1% on the value of specified assets held by the taxpayer in excess of the basic exemption of Rs. 15,00,000.

### 6. Dividend Distribution Tax (DDT)

- Dividend distributed by an Indian Company is exempt from income-tax in the hands of all shareholders. The Indian company is liable to pay DDT of 16.995% (i.e. inclusive of surcharge and education cess) on such dividends.
- Income received by unit holders from a Mutual Fund is exempt from income-tax. The Mutual Fund (other than equity oriented mutual fund) will pay income distribution tax of:
  - 28.33% (inclusive of surcharge and education cess) on income distributed by a money market mutual fund or a liquid fund;
  - 14.163% (inclusive of surcharge and education cess) on income distributed to any person being an individual or a Hindu Undivided Family by a fund other than a money market mutual fund or a liquid fund; and
  - 22.66% (inclusive of surcharge and education cess) on income distributed to any other person by a fund other than a money market mutual fund or a liquid fund.

### 7. Special rates for non-residents

The following incomes in the case of non-resident are taxed at special rates on gross basis:

Nature of Income	Rate <sup>(1)</sup>
Dividend <sup>(2)</sup>	20%
Interest received on loans given in foreign currency to Indian concern or Government of India.	20%
Income received in respect of units purchased in foreign currency	20%
Royalty or technical fees	For Agreements entered into: <ul style="list-style-type: none"> <li>After 31 May 1997 but before 1 June 2005 – @ 20%</li> <li>After 1 June 2005 – @ 10%</li> </ul>
Interest on FCCB	10%

- These rates will further increase by surcharge and education cess.
- Other than dividends on which DDT has been paid.
- In case the non-resident has a Permanent Establishment (PE) in India and the royalty/fees for technical services paid is effectively connected with such, the same could be taxed at 40% (plus surcharge and education cess) on net basis.

### 8. Capital Gains

	Short-term capital gains tax <sup>1</sup>	Long-term capital gains tax <sup>2</sup>
Sale transactions of securities which attract STT	10%	Nil
Sale transaction of securities not attracting STT:		
Individuals (resident and non-residents)	Progressive slab rates	20% with indexation; 10% without indexation (for units/ zero coupon bonds)
Partnerships (resident and non-resident)	30%	
Resident Companies	30%	
Overseas financial organisations specified in section 115AB	40% (corporate) 30% (non-corporate)	10%
FIs	30%	10%
Other Foreign companies	40%	20% with indexation;
Local authority	30%	10% without indexation (for units/ zero coupon bonds)
Co-operative society	Progressive slab rates	

<sup>1</sup> To be increased by surcharge and education cess.

<sup>2</sup> To be increased by surcharge and education cess.

### 9. Presumptive Taxation

(1) All Taxpayer

Business	Rate at which income is presumed
<ul style="list-style-type: none"> <li>Civil Construction or supply of labour for civil construction</li> </ul>	8% of gross receipts
<ul style="list-style-type: none"> <li>Plying, leasing or hiring of trucks (person should not own over 10 goods carriage at any time during the previous year)</li> </ul>	<ul style="list-style-type: none"> <li>- Rs. 3,500 per month/ part of month for each heavy goods vehicle.</li> <li>- Rs. 3,150 per month/ part of month for each light goods vehicle.</li> </ul>
<ul style="list-style-type: none"> <li>Retail Business</li> </ul>	5% of total turnover

(2) In the case of a non-resident taxpayer:

Business	Particulars
Shipping	7.5% of gross receipts
Exploration of mineral oil	10% of gross receipts
Operations of Aircraft	5% of gross receipts
Turnkey power projects	10% of gross receipts

In each of the above cases:

- The gross receipts of the taxpayer from each of the mentioned businesses do not exceed Rs. 40,00,000.
- All deductions/ expenses (including depreciation) shall be deemed to have been allowed.
- The taxpayer can voluntarily declare a higher income in his return.

### 10. Fringe Benefit Tax

Tax on specified fringe benefits provided to employees @ 30% plus surcharge and education cess thereon.

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