



**The Finance Minister has proposed the following amendments in the Finance Bill recommended in February 2005.**

### **AS A TAX PAYER**

- for women, no tax for income upto 1,35,000( earlier proposal 1,25,000)
- for senior citizens, no tax for income upto 1,85,000 (earlier proposal 1,50,000)

The restriction in Section 80C which required tax saving investments to be made only out of income has now been removed. Hence regardless of when the investment is made during the year, a deduction will be available from taxable income.

### **AS AN EXPORTER**

Exemption u/s 10A will be allowed only if the assessee files a tax return within the time given. If returns are filed late, no exemption u/s 10A will be given.

### **BANKING CASH TRANSACTION (BCT) TAX**

A BCT of 0.1% of the transaction value shall be recovered by the bank in the following cases from 1<sup>st</sup> June 2005–

- Cash withdrawal exceeding Rs. 25,000 on a single day from a bank account (other than a Savings account) by an Individual or an HUF
- Cash withdrawal exceeding Rs. 100,000 on a single day from a bank account (other than a Savings account) by anyone other than Individual or an HUF
- Encashment of maturity proceeds of a Term Deposit in cash exceeding Rs. 25,000 by individuals or HUFs and exceeding Rs 100,000 for others.

The levy on BCT on Demand Drafts etc taken in cash has been removed.

### **FRINGE BENEFIT TAX (FBT) AMENDMENTS**

FBT will **not** apply when the employer is an individual or an HUF.

FBT will **not** apply to a Trust whose income is exempt u/s 10(23C) or to a Trust registered under the Income Tax Act as a Charitable or a Religious Trust.

The following categories of payment have been **excluded** from FBT:-

- Food coupons given to Employees.
- Participation fees at Conference.
- Sales Promotion and Publicity if it is in the nature of advertisement in any print or electronic media or in a transport system; holding of press conferences or business conventions, fairs, exhibitions; Sponsorship of a sports event or any other event organized by a Government body or a trade association; publication of official notices; advertisement expenditure in the form of signboard, kiosks, hoardings, etc;
- Employees welfare in the nature of first aid in a hospital run by the employer or expenditure on mitigating occupational hazards
- Expenditure on leased telephone lines
- Guest Houses used as Training Centers

Following items are **also included** in FBT:

- Fuel cost and Depreciation on cars and aircraft.

The Value of Fringe Benefit will be computed at **20%** of the various expenditure ( as against earlier proposal of 50%).

The FBT valuation on telephones has been increased from 10% to 20%.

The FBT valuation of **50%** will now apply only to the following categories –

- Festival celebrations
- Gifts
- Use of club facilities including Health Clubs
- Scholarships

Special lower rates of FBT valuation are prescribed for employers in the following industries:-

Hotels; Construction; Pharmaceuticals; Computer Software; Car Hire; Airlines