



FSIA E-circular dt March 17, 2012



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BUDGET 2012-13



For the Fifth Consecutive Time in the history of Faridabad, we had an Instant and LIVE Budget Analysis, with a panel of Experts,

- We had Chartered Accountants from the Faridabad C.A. Branch of NIRC of Institute of Chartered Accountants of India, We also had the media, We had eminent Bankers, from Financial Institutions, including Mr Ajay Garg, Director of Corporation Bank. We had our own FSIA panel of Consultants. We had our own Mr Rajive Chawla, who later in the day was panel speaker and voice of SME at the CNBC, Zee Business TV Channel and many other TV channels
 - And we had the dynamic businessmen of Faridabad..



It was Mr Pranab Mukherjee LIVE, via the Giant Television, in the Hotel Delite , before all the members of the FSIA



It was a successful FSIA event, As always

Dear Members,

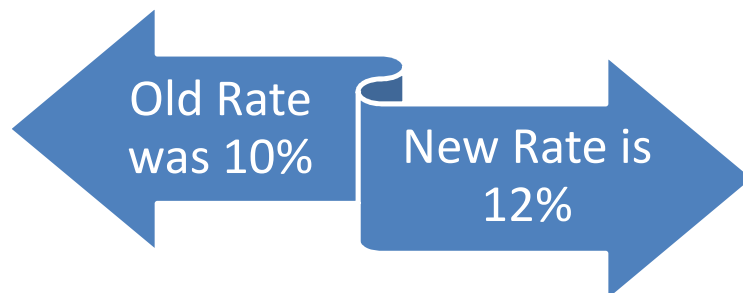
The Budget 2012 came in, on 15th March (15 days after the usual 28th Feb date, due to the UP and other state elections). Good LIVE discussions were done at Hotel Delite on 16.3.2012. Now, many more finer nuances have become apparent in the fine print. More will be discovered in the coming days. But till then, some big points → and our FSIA analysis on → How they effect you ?



So, let us start our review

1. Excise Rates and Service Tax = both “Big Change”

- a. We all expected a change in rates. It has come now.



Effective Date for Excise = 17.3.2012, 00.01 am onwards

Effective Date for Service Tax Rate change = 01-04-2012 /



2. Corporate Tax Rate

a. Quick reference chart is as under

Corporate Taxation		
	below 1 crores of Profit	above 1 crores of Profit
Basic Rate	30.00	30.00
Surcharge 5%	-	1.50
	30.00	31.50
Cess 3%	0.90	0.95
	30.90	32.45

3. Income Tax Rates changed, Small reduction for most Tax payers

a. Basic Slabs

<u>Basic Rates</u>	<u>Rate</u>
Upto Rs. 2,00,000	Nil
Rs. 2.00 lac - Rs.5.00 lac	10%
Rs. 5.00 lac - Rs.10.00 lac	20%
Rs. 10.00 lac onwards	30%

Surcharge NIL

Education Cess , & SHE cess (continues) 3% for all.

b. No special limit for ladies, from now.

c. Basic exemption limit (till which, you do not have to pay any tax). This will be as follows :

- For Gents : Rs. 2,00,000
- For Ladies : Rs. 2,00,000 (same as gents)
- For Senior Citizens : Rs. 2,50,000 (60 yr to 80 yr)
- For Very Senior Citizens : Rs. 5,00,000 (over 80 years)

d. So, ?? Most of you save a small value in Income TAXES =

- Savings are upto Rs. 2060. per person for everybody and upto 22660 for people over Rs 10 lakh of income
- See the chart below



Income per year	200000	400000	500000	700000	900000	1000000
Tax as per Budget 2011	2,000	22,000	32,000	72,000	122,000	152,000
Tax as per Budget 2012	0	20,000	30,000	70,000	110,000	130,000
Tax savings		2,060	2,060	2,060	12,360	22,660

- So, Each one will save some Tax,
- And it could mean Rs 22660. per family member for many of us.
- And That is equal to say a Lakh of tax saving per family ,(assuming 4 earning members)



- And it also means on the reverse that you can have Rs 75000 of income more, per member, for the same tax (Rs 3 lakh additional income !!! comes with zero additional tax)

Please observe == effective Tax Rates, have become further, very very low

Table 1 = Tax % has come down to very very low.

Income	Savings - section 80C, 80CCF (suppose)	Net taxable income after 80C	Basic rate	Cess	Income Tax	Effective Tax %
100,000	0	100,000	0	0	0	0.00%
200,000	30,000	170,000	0	0	0	0.00%
300,000	55,000	245,000	4,500	135	4,635	1.55%
400,000	75,000	325,000	12,500	375	12,875	3.22%
500,000	100,000	400,000	20,000	600	20,600	4.12%
600,000	120,000	480,000	28,000	840	28,840	4.81%
700,000	120,000	580,000	46,000	1,380	47,380	6.77%
800,000	120,000	680,000	66,000	1,980	67,980	8.50%
900,000	120,000	780,000	86,000	2,580	88,580	9.84%
1,000,000	120,000	880,000	106,000	3,180	109,180	10.92%

Note : We have "assumed" some savings in Section 80C, and new section 80CCF (infrastructure bonds). Actual savings vary from person to person. And, please note, apart from this, you can take benefit of Medclaim, HRA, conveyance allowance, and perks etc also.

Table 2 = TDS per month, has come down too, to pity amounts.

Income	Tax reqd per month
100,000	0
200,000	0
300,000	386
500,000	1,717
800,000	5,665
1,000,000	9,098

Above Table 2 is based on the Table 1

Also, please see that a person who earns, say Rs. 41666 per month, has to pay TDS of just 1717 per month.

Similarly, for an Income of Rs. 25000 p.m. his tax could be just 386 p.m..

And for **Income of 20000 p.m.** his TDS could be **just around Rs NIL / month**



4. **Biggest Surprise, the biggest happiness, the Marvelous pride of FSIA**



Your FSIA was a part of “Creating the Budget Proposals” =
Giving Idea for this New Proposal

See this carefully

If

- Where You sell a house property
- Use it for Subscription of Equity Shares in a Pvt Ltd company
- And that company purchases Plant and Machinery etc out of that money within 1 year

Then,

- you get Exemption From Capital Gains

Available to

- Individuals and HUF's

Conditions

- It must be a New Company
- It must be a MSME unit
- Manufacturing Company only
- Assessee must have 50% of more of the Share capital

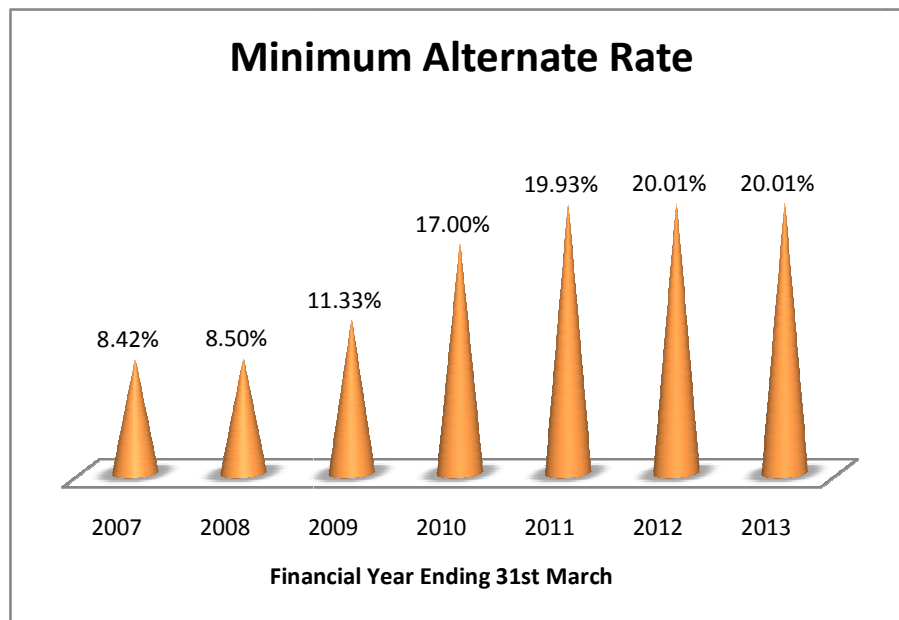
New Plant and Machinery

- includes all basic Plant and Machinery, CNC, VMC or any Machine
- except the Vehicles, office equipments, computers and 2nd Hand machinery etc

This will be a boon for every entrepreneur, who unlocks the value of his property and invests in his own business. Thank you FSIA thinkers.

5. **MAT (Minimum Alternate Tax) – Section 115 JB and 115 JC**

- What ?** – It was a grouse of salaried / business people. They said, that we pay tax, but super large companies don't pay tax. Similarly, people with business in Baddi, Rudrapur, Nalagarh, Daman/Diu(earlier), Sikkim, don't pay tax. This was due to some deductions / exemptions, Now, They have been forced to pay heavier taxes.
- And the rates are rising.
- Have a look !!**



FSIA message

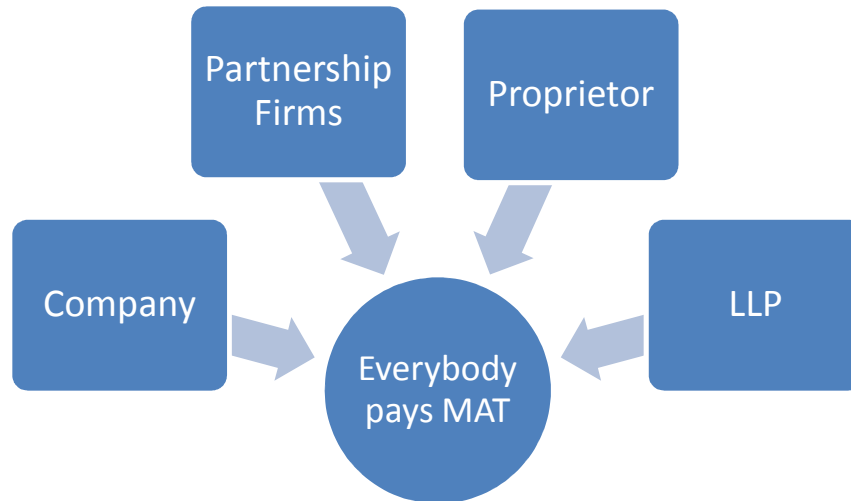
It is amusing but true that, we at FSIA had kind of predicted this coming, Note the language of section 115JC. This is exactly based on the language and tenor of the laws in USA. Infact even the MAT is now called AMT (Alternate Minimum Tax = This is the same nomenclature as used by the Government of USA).

For details, refer to our previous e circular on this subject. Click link below

http://www.finsys.co.in/ecirculars/073_FSIA_Ecircular_18th_Jan_2011_MAT_is_18percent+cess.pdf

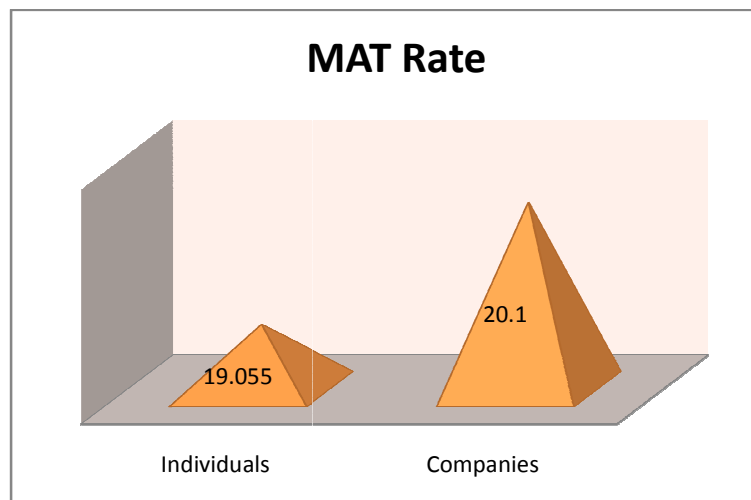
in this circular we have mentioned some more things of USA income tax vs Indian Income tax, maybe they also could be creeping in....

Who will pay the MAT (Minimum Alternate Tax) ?

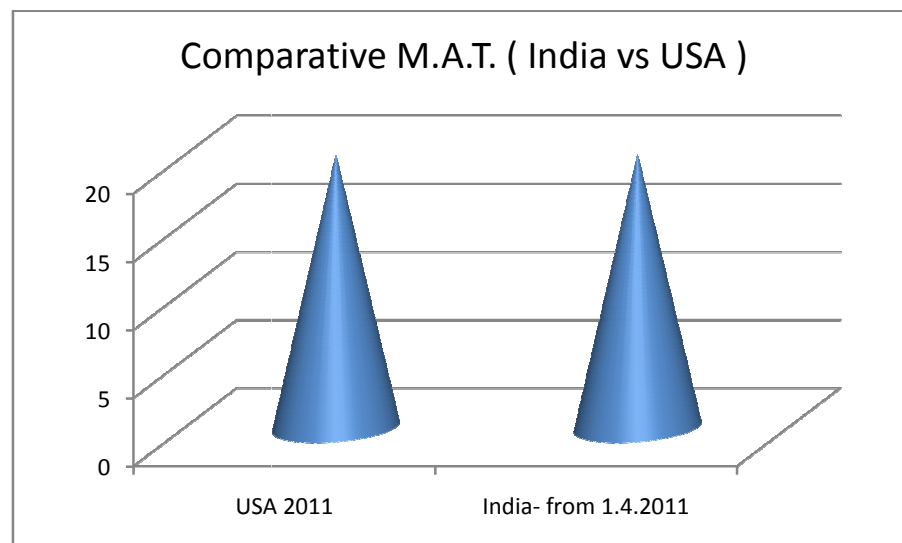
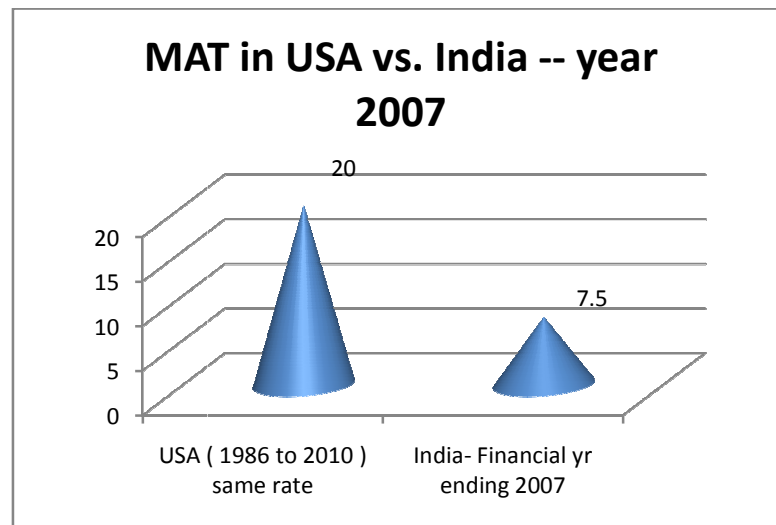


So, it is equal to all

This is First time in India, Never in last 50 years, this thing was required for "individuals"
Only small solace is that , individuals for income below Rs 20 lakhs will not be covered in this MAT. And second the rate for individuals is a shade less.
Individuals MAT rate is 19.055 % (including basic + cess)
Whereas for companies MAT it is 20.1 % (incl surcharge too)



India is becoming USA, ... atleast in Taxation



So, we are same

Cheers !!!



6. **Baddi and Rudrapur : Bubble Burst**

- a. Suddenly = MAT is yes (same 20.01%)
- b. Suddenly for last 2 years, SEZ is booo.....
- c. Now, Baddi plants are also going to be less lucrative.

7. **Gain to IMT Faridabad . . .**

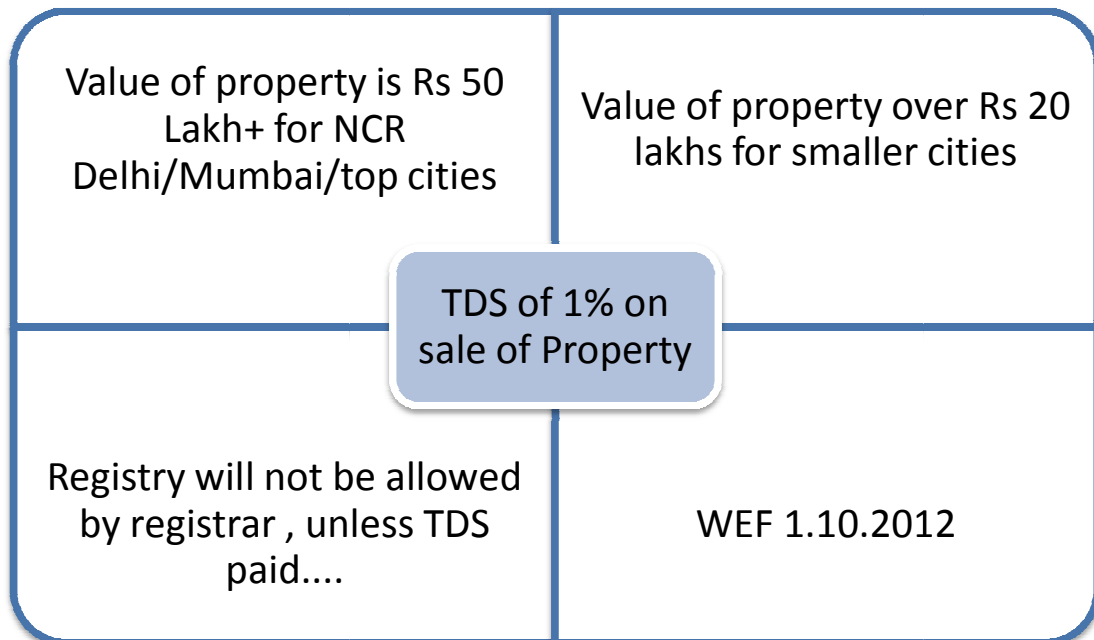
- a. and all the Industrial sectors in Faridabad, Palwal, Noida, Manesar Gurgaon, and all normal locations.
- b. Idea= Why go so far . . .when you are taxable anyway ??



8. **TDS on Sale of Immovable Property**

Govt says, "This is a measure for black money management."

So, If you sell any property, your buyer will deduct a TDS of 1 percent



Yes, Faridabad, Gurgaon, Sonapat, Noida, Gaziabad, Loni etc are a part of the Delhi NCR

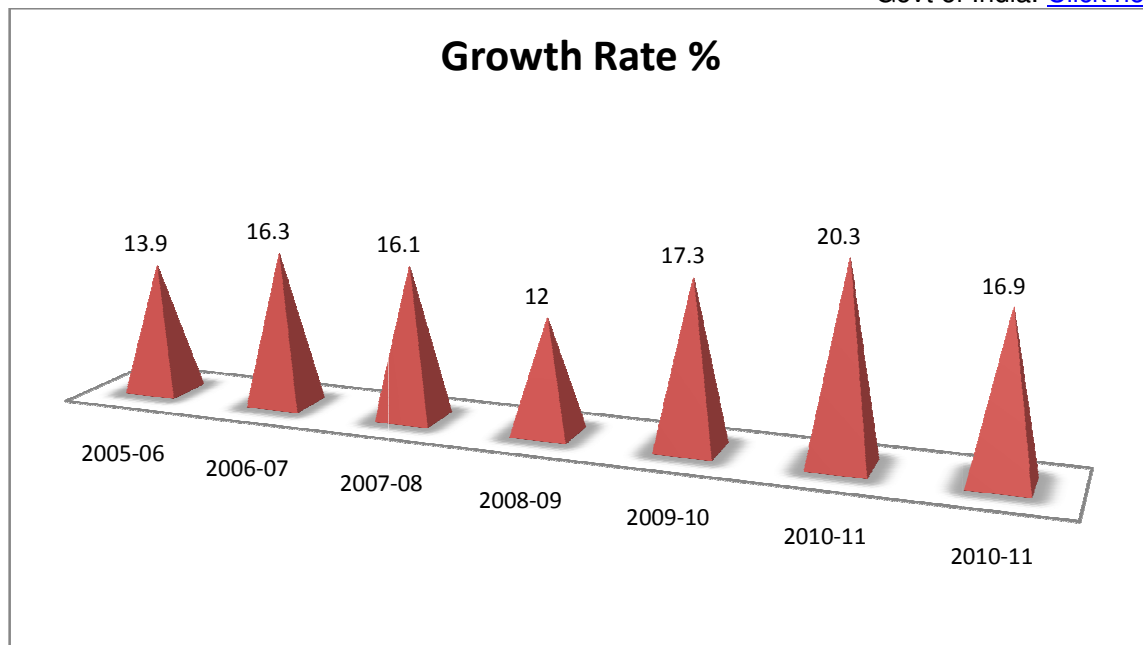


Final Message from the FSIA Team

India is growing at 17% (GDP-Current prices).
We are a part of this growth Story. Come our Time is now.
As somebody said at the C I I Meeting last year,

"It was always good to be born in India, But, mark my words
This is the best time to be in India".

Source [Economic Survey 2011](#)
Govt of India. [Click here](#)



GDP Growth % (at Current Prices)

For queries, suggestions and feedback , you can e-mail us at :

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Notes & disclaimer

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The image shows a screenshot of the Finsys ERP software's welcome screen. The window title is "Welcome to Finsys ERP". On the left, there is a graphic of a person in a suit pointing at a large blue upward-trending arrow on a grid. Below this graphic is the text "Plan your Success with Finsys ERP". On the right side, the Finsys logo is displayed above the text "ERP SOLUTION PROVIDERS" and the Oracle logo. Below the logos are input fields for "Company Code" (containing "KML"), "Year" (containing "2011"), "User Name" (containing "SANGEET"), and "Password" (containing six asterisks). There are "Submit" and "Cancel" buttons below the password field. At the bottom left, it says "version : 60", "Dated 16/03/2012 11:00 am", "Powered by: Finsys Infotech Limited", "Visit www.finsys.co.in for the News about us.", and "Help Line 931-000-8913 to 20". At the bottom right, it says "Welcome.....", "Work Smart , Work Fast", and a "HelpLine" button.

Welcome to Finsys ERP

Plan your Success with Finsys ERP

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Welcome.....
Work Smart , Work Fast

Last month to start the ERP Implementations, Contact us, for details, on how to make your ERP implementation better.