

BUDGET HIGHLIGHTS FOR NON RESIDENT INDIANS
(The Finance Bill, 2009 as introduced by the Finance Minister of
India on 6th July, 2009.)

1. General:

- No change in rates of taxation of income of Individuals. However there is increase in basic exemption limit by Rs. 10,000/-
- The Surcharge on personal taxes **ABOLISHED**.

Relief: Reduction of personal taxes by 10.33% to all individuals.

- Increase in basic exemption limit by Rs.15,000/- for Senior Citizen and Rs.10,000/- for Women. However, such increase is not applicable to a Non-Resident.
- The Sweat Equity shall be treated as perquisites chargeable to tax on the sweat equity shares on the date on which the option is exercised as reduced by the amount actually paid by, or recovered from the assessee in respect of such security or shares

2. Income Tax Rates for Individuals **::

Proposed Rates for financial year April 2009 to March 2010	
Individual Income	Rate
Upto Rs.1, 60,000/-	Nil*
Rs. 1,60,000/- to Rs.3,00,000/-	10% of the amount by which the income exceeds Rs. 1,60,000/-
Rs. 3,00,000/- to Rs. 5,00,000/-	14,000/- plus 20% of the amount

	by which the income exceeds Rs.3,00,000/-
Above Rs.5, 00,000/-	54,000/- plus 30 % of the amount by which income exceeds Rs.5,00,000/-
NO Surcharge is to be levied on the Income-tax computed above	
*If NRI is having only Short Term Capital Gain in Equity shares (on which STT is paid), there is no benefit of basic exemption available. In such case flat rate of Tax @ 15.45% is applicable.	

**** Other than Resident Senior Citizen and Women.**

3. Tax Deducted At Source

There is no change in the basic TDS Rates. However due to abolition of Surcharge of 10% on the Income-tax, the effective tax rates shall be changed. The rates at which taxes shall be required to be deducted are as under:

Rates For TDS	Rate of Income Tax (IT)	CESS & SHEC on IT	Effective Tax Rate
<i>1) Capital Gains on Equity oriented Mutual fund Units and Equity Shares sold on Recognized Stock Exchange:</i>			
i)Short Term	15%	3%	15.45%
ii)Long Term	NIL	NIL	NIL
<i>2) Capital Gain on Mutual Fund and listed securities other than (1) above</i>			
i)Short Term	30%	3%	30.90%

ii)Long Term	10%	3%	10.30%
<i>3. Capital gain on Other Assets</i>			
i)Short Term	30%	3%	30.90%
ii)Long Term	20%	3%	20.60%
4. Interest on Bank Deposits(NRO A/c)	30%	3%	30.90%
5) Income From Rent	30%	3%	30.90%

The above TDS rates shall be effectively applicable from 7th July 2009.

4. Taxation of Gifts received from non-relatives:

Gift received in kind / cash / cheque from persons other than specified relatives or otherwise than under a WILL or marriage, etc shall be treated as income of the recipient beyond the value of Rs.50,000 in a year.

[Earlier gifts in cash and cheque were only considered under this provision]

5. Quoting of Permanent Account Number is now made mandatory for following:

(A) by a person entitled to receive any sum or income on which tax is deductible failing which tax shall be deducted at the higher of the following rates, namely:-

(i) at the at the rate specified in the relevant provision of this Act; or

- (ii) at the rate or rates in force; or
- (iii) at the rate of twenty per cent.

(B) No declaration under sub-section (1) or sub-section (1A) or sub-section (1C) of section 197A [Form 15H and Form 15G] shall be valid unless the person furnishes his Permanent Account Number in such declaration. In case any declaration becomes invalid, the deductor shall deduct the tax at source in accordance with the provisions of (A) above.

[This is applicable to Resident only]

6. Wealth Tax:

There are no changes in rates of taxation of Wealth Tax. However Wealth Tax shall be levied only when the Net Wealth exceed Rs. 30,00,000/- (earlier it was Rs.15,00,000/-).

NOTE:

Technically, the above proposals are effective only after The Finance Bill, 2009 is passed by the Indian parliament and assented by the President of India.

Once this procedure is completed, the proposals shall be effective w.e.f.1st April 2009 (except otherwise stated) i.e. for Financial Year: 2009-2010 and Assessment Year: 2010-2011).

DISCLAIMER:

This document should not be considered as substitute for specialized professional advice and expert guidance may be sought before acting upon.