

Finance Ministry Working on Direct Taxes Code Bill, May Bring it in Winter Session

Finance Ministry has said it is finalising the official amendments to Direct Taxes Code (DTC) Bill so that it could be taken up in the Winter Session of

Parliament beginning December 5. "We are working on the DTC Bill and want to bring it as soon as possible," Revenue Secretary Sumit Bose told reporters. The Finance Ministry is currently working on the official amendments to the DTC Bill which was tabled in Parliament earlier. Meanwhile, a senior Finance Ministry official said that the amendments to the Bill would be placed before the Cabinet shortly for approval. "The Finance Ministry wants to bring it in the Winter Session of Parliament," the official added. Among other things, the DTC Bill proposes a higher income tax rate of 35 per cent. While the Bill proposes to keep exemption limit at ₹2 lakh for individual tax unchanged, it proposes to introduce a fourth slab of 35 per cent tax rate for those with an annual income of over ₹10 crore. It also proposes to levy a 10 per cent tax on dividend income of more than ₹1 crore. Besides, Minimum Alternate Tax (MAT) may be levied on book profit and not on gross assets, sources said. Further, the Securities Transaction Tax (STT) is likely to be retained, though the Standing Committee on Finance, which had scrutinised the bill, had suggested abolition of the levy. The Finance Ministry, according to sources, had accepted most of the recommendations of the Standing Committee.

(Source: <http://www.business-standard.com/>)

New Rule Lowers HRA Exemption Claim Limit

If you are a salaried taxpayer claiming HRA (house rent allowance) deduction, watch out. The central government

has lowered the exemption limit for reporting the rent received. Salaried taxpayers claiming HRA exemption and paying a rent of over ₹1 lakh per year have to give landlord's PAN (permanent account number). Till now, if the total rent paid was less than ₹15,000 a month there was no need to submit the landlord's PAN details. The new rule effectively lowers the rent limit from ₹15,000 a month to ₹8,333 per month for claiming HRA exemption without making any disclosures. "Further, if annual rent paid by the employee exceeds ₹1,00,000 per annum, it is mandatory for the employee to report PAN of the landlord to the employer," the Central

Board of Direct Taxes said in its latest circular. "In case the landlord does not have a PAN, a declaration to this effect from the landlord along with the name and address of the landlord should be filed by the employee," it said. Though incurring actual expenditure on payment of rent is a pre-requisite for claiming deduction under section 10(13A) of the I-Tax Act, it has been decided as an administrative measure that salaried employees drawing HRA up to ₹3,000 per month will be exempted from production of rent receipt.

The new rule is aimed at people claiming HRA exemption for living in their own house

(Source: <http://economictimes.indiatimes.com/news/economy/>)

Educational Institutes Exempted from Service Tax

In a major relief to all educational institutes, the Central Board of Excise and Customs (CBEC) has exempted all educational institutions from paying any service tax for any service being provided to them. The order issued in September this year, is still not known by many running educational institutes. When paying service tax was announced as mandatory by all business and commercial establishments, the educational institutes had then sought a clarification. On clarification sought by various educational organisation, CBEC stepped ahead and clarified through its circular that no service tax shall be charged on services provided to the educational institutions.

(Source: <http://www.expressindia.com>)

Finance Minister Chidambaram Warns Service Tax Evaders to File Dues Before 31st December

Indian Government has become more assertive over tax collection as the Finance Ministry is struggling with balancing deficits. The Union Finance Minister P Chidambaram recently clearly stated or rather issued a vocal warning to tax evaders. Chidambaram said that the tax department has identified serious service tax evasions and warned non-filers to complete dues before 31 December 2013. The Finance Minister revealed that the tax department has identified sectors with chronic tax evasion — viz. renting of immovable property, construction, IT, real estate, mining, advertisement, storage and warehouses. In an attempt to restrict income tax evasion government lately announced a new requirement for those availing HRA exemption.

Firming its grip on tax evaders, Central Board of Direct Taxes (CBDT) announced that any tenant will have to now produce PAN number of her/his landlord, if s/he wishes a tax exemption exceeding ₹1 lakh annually. It is so found by the Finance Ministry that out of 17 lakh registered tax filers, only 7 lakh pay the tax. The Union Minister requested non-filers to reap benefits of schemes that waive interest and other penalties. The Ministry is aiming to generate tax revenue during current fiscal of ₹180.141 crore.

(Source: www.thehindubusinessline.com/)

RBI Designates 29 Bank Branches to Collect Advance Income Tax

Reserve Bank has designated 29 bank branches, including public and private banks to collect income tax payment in advance of the due date to avoid last minute rush towards March-end.

State Bank of India, ICICI Bank, HDFC Bank, Axis Bank, Allahabad Bank, Punjab National Bank, Oriental Bank of Commerce, Bank of Baroda are among the bank branches that have been designated to collect these advances from tax assesseees. "Pay IT dues in advance at RBI or at authorised bank branches. It is observed that the rush for remitting income tax dues through the RBI has been far too heavy towards the end of March every year and it becomes difficult for the RBI to cope with the pressure of issuing receipts although additional counters to the maximum extent possible are provided for the purpose," RBI said in a release recently. Among others are Andhra Bank, Bank of India, Bank of Maharashtra, Canara Bank, Central Bank of India, Corporation Bank, Dena Bank, IDBI Bank, Indian Bank, Indian Overseas Bank, Punjab & Sindh Bank, Syndicate Bank, UCO Bank, United Bank of India, Union Bank of India, Vijaya Bank, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Travancore, State Bank of Mysore and State Bank of Patiala.

(Source: <http://www.business-standard.com/india/>)

Service Tax Amnesty Scheme VCES Yields ₹1,500 Crore in Revenue

Service Tax Amnesty Scheme has so far yielded ₹1,500 crore in revenue for the government, with 6,283 assesseees taking advantage of the VCES that was announced in the Budget

2013-14. "The government as on November 11, has received 6,283 applications declaring tax to the tune of ₹1,500 crore for availing of government's Service tax amnesty scheme," an official told PTI. The government had launched the Service Tax Voluntary Compliance Encouragement Scheme (VCES) to give an opportunity to service tax defaulters to pay dues and come clean. Bulk of the declarations, according to the official, were made by assesseees engaged in construction and works contracts, followed by transportation and supply of manpower.

(Source: [Press Trust of India](http://www.press-trustofindia.com/))