

Major changes in TDS laws

For Financial Year 2005-2006

From the financial year 2005-2006, there will be major procedural changes in the TDS compliance. These are summarized below :

Dematerialization of TDS certificates.

There will be no need to issue TDS certificates 16/16A/16AA in paper form. For all TDS deductions made April 1, 2005 onward, the TDS certificates are being dematerialized.

This will be done by submitting new quarterly statements for tax deduction at source. The details are yet to be prescribed.

Needless to say, the credit for TDS will entirely depend on correct PAN . Hence deductors are advised to start collecting correct PAN of all deductees.

Statement of TDS deductions.

Each deductee will get a statement of tax deducted by all the deductors from the prescribed authority. This will make life simpler for the deductees as now there is no need to collect hundreds of TDS certificates from several deductors and banks. One statement will be a sufficient proof of TDS.

For Financial Year 2004-2005

Paper Return from non-corporate deductors

Currently only corporate deductors are required to mandatorily file eTDS return with the Tax Facilitation Centers of NSDL. Non corporate deductors can either file eTds Return with NSDL or paper return with income tax department.

Now even non corporate deductors viz individuals, partnership firms will have to file their TDS paper returns with the prescribed authority.

eTDS returns mandatory for Govt. offices

Apart from corporate, all government departments will also have to file TDS Return in electronic format.

Changes in forms/challans

New Form 16AA

Employees get their certificate for tax deducted from salaries in Form No 16. A new TDS Certificate - cum - Return form is now to be given to the following categories of employees :

- Having income from salaries not exceeding Rs. 1,50,000
- Not having income from 'business or profession' or 'capital gains' or 'agriculture'
- Are not in receipt of any other income from which TDS has been deducted,

The new form is Form 16AA.

The employee can sign Form 16AA and deposit the same in original with concerned Assessing Officer.

In such cases, neither the TDS certificate in form 16A nor return of income in any other form will be required.

Form 16

Changes have been made in Form 16 to incorporate deduction u/s 88D

Challan 280/281

Layout of challans have been changed to incorporate provision for Education Cess.

Remember these Dates

- Jan 7 Deposit TDS/TCS deducted during Dec-04
- Jan 15 File eTDS Return for Qtr Oct-Dec 04 for NRI Payments
- Jan 15 Deposit PF/ESIC for Dec-04
- Jan 25 Deposit Service Tax Dec-04/Oct-Dec-04
- Jan 31 Issue TDS Certificates for Dec-04

Do-it-yourself

Finding your tax computation too complex? Turn over the page and see how simple it becomes with our easy and explanatory tax computation statement.



Income Tax Computation for Salaried Tax Payers Accounting year 2004-05 Assessment Year 2005-06

1	Income from Salary			
	Taxable Salary			
2	Less : Standard Deduction	16(i)		
	If taxable Salary <= 5 Lacs : 40% of Taxable Salary or Rs. 30000 whichever is lower			
	If taxable Salary > 5 Lacs : Rs. 20,000			
3	Less : Professional Tax	16(ii)		
4	Less : Entertainment Allowance	16(iii)		
5	Income From Salary	1-(2+3+4)		
	Income from House Property			
6	Income from one self occupied house		NIL	
7	Less : Interest paid on Home Loans			
	If Purchased/Bought before 1-4-99 : Maximum Rs. 30000			
	If Purchased/Bought after 1-4-99 & const. completed within 3 yrs of loan : Maximum Rs. 150000			
8	Loss from self occupied house property	6-7		
9	Rent received from let out property			
10	Less : Municipal Tax			
11	Net Rent Received	9-10		
12	Less : Basic Deduction @ 30% of 11			
13	Less : Interest paid on Loans			
14	Income from let out house property	11-(12+13)		
15	Income from Other Sources			
16	Gross Total Income	5+8+14+15		
17	Deduction Under Chapter VI A			
A	Contribution to approved Pension Plan Max Rs. 10000	80CCC		
B	Payment towards Medical insurance Max Rs. 10000 If towards a senior citizen Max Rs. 15000	80D		
C	Medical Treatment / maintenance of handicapped dependent The deduction is fixed Rs. 50000 and for Sr Citizen Rs. 75000	80DD		
D	Medical Treatment of specified diseases Maximum Rs. 40000 / For Sr Citizens Rs. 60000	80DDB		
E	Donation to approved funds 100% or 50% of Qualifying Amount, which does not exceed 10% of Gross Total Income	80G		
F	Interest received on specified investments Max Rs.12000/Additional Rs.3000 for Int. on Govt Securities	80L		
G	Person with disability Handicapped Person Fixed Rs. 50000. Spl. Case Rs. 75000	80U		
18	Total Deduction			
19	Total Taxable Income	16-18		
20	Gross Tax			
	Upto Rs. 50000 : NIL			
	50001 To 60000 : 10%			
	60001 To 150000 : 20%			
	Above 150000 : 30%			

21	Rebate U/s 88D If Total Taxable Income 19 is Upto Rs. 100000 : 100% of Gross Tax 20 From Rs. 100010 to Rs. 111240 : Gross Tax 20 - (Total Taxable Income 19 - Rs. 100000) From Rs. 111250 onwards : NIL Tax payer can further claim Rebate u/s 88, 88B, 88C		
23	Rebate U/S 88 Investment in Specified accounts / securities Max Rs. 70000 Additional Investment upto Rs. 30000 in infrastructure Bonds Income from Salary (Excluding Standard Deduction but including Prof. Tax) <= 1 Lac & If Income from Salary >= 90% of Gross Total Income : Rate 30% If Gross Total Income <= 1.5 Lacs : Rate 20% If Gross Total Income > 1.5 Lacs but <= 5 Lacs : Rate 15% If Gross Total Income > 5 Lacs : Rate NIL		
24	Rebate U/S 88B Given to Senior Citizen – where Date of Birth is on or before 01-04-1939 Max Rs. 20000		
25	Rebate U/S 88C Given to Female who are not senior citizen Max Rs. 5000 Rebate u/s 88, 88B, 88C, 88D cannot exceed Gross Tax 20		
26	Net Tax 20-(21+22+23+24)		
27	Add : Surcharge @ 10% on 26 if Taxable Income 19 exceeds 8.5 Lac		
28	Total 25+26		
29	Add : Education Cess @ 2% on 28		
30	Total Tax Payable 27+28		

Investments entitled to Rebate u/s 88

- Life Insurance Premium (LIP)
- Deferred Annuity
- Deferred Annuity - Salary by Govt.
- Provident Fund (PF)
- Public Provident Fund (PPF)
- Superannuation Fund
- Post Office 10/15 Years CTD
- National Savings Certificates (NSC)
- Accrued Interest of NSC
- Unit-Linked Insurance Plan (ULIP)
- Jeevan Dhara / Jeevan Akshay
- Units of Approved Mutual Funds. Max : Rs.10,000
- Notified Pension Fund by Mutual Fund
- Home Loan Account Scheme
- Govt. Notified Deposit Scheme
- Repayment of Approved Housing Loan. Max : Rs.20,000
- Tuition Fees. Max Rs.12,000 per child upto 2 children
- Approved Infrastructure Bonds

Amount of interest (Rs.) accruing on the certificates of Rs. 100 denominations Purchased between

The year for which Int. accures	01-04-1989 & 31-12-1999	01-04-1998 & 14-01-2000	15-01-2000 & 28-02-2001	01-03-2001 & 28-02-2002	01-03-2002 & 28-02-2003	01-03-2003 onward
First Year	12.40	11.83	11.30	9.72	9.20	8.16
Second Year	13.90	13.23	12.58	10.67	10.05	8.83
Third Year	15.60	14.80	14.00	11.71	10.97	9.55
Fourth Year	17.50	16.54	15.58	12.85	11.98	10.33
Fifth Year	19.70	18.51	17.35	14.10	13.09	11.17
Sixth Year	22.40	20.69	19.31	15.47	14.29	12.08

Use internet to your advantage

Find out your tax payment status

The tax payments are now made thru new challans No. 280, 281 and 282 .The payment of these challans is updated by the banks in the new Online Tax Accounting System (OLTAS) introduced by the income tax department. The important point to note in this case is that there is no need to attach counterfoil/ copy of challan as proof of payment with your tax / TDS return. The payment is electronically credited to your respective PAN/ TAN number. To ensure that the payment is indeed credited , use the NSDL web site to know the status of challan:

- Log on <http://tin.nsd.com>
- Click "Challan Status Enquiry"
- Enter Bank BSR Code, CIN and date of payment
- The challan will be queried and status report will be displayed.
- If the challan is shown missing , please enquire with the bank where you deposited the challan .

PAN application

PAN applications are to be submitted at the designated TIN Facilitation Centers or at the offices of UTI Investor services. However, it is now possible to apply for PAN through Internet . The payment will have to be made by way of a credit card. On successful payment , PAN will be communicated by email in 5 working days.

The PAN card will, however, be printed and forwarded only after supporting documents and photograph are received by NSDL.

This is very useful, when you need PAN urgently.

- Log on <http://tin.nsd.com>
- Click "Apply for PAN"
- Follow the instructions.

Payment of income tax

Tax payers can now avail of the facility of payment of income tax through internet. To avail of this facility, net banking registration with the bank, is a pre-requisite.

- Log on to www.incometaxindia.gov.in OR <http://tin.tin.nsd.com>
- Follow the instructions.

- After payment, account holders would be able to generate the taxpayers' counterfoil containing the Challan Identification Number (CIN).

Print Challans

It is now possible to print Challan 280 and 281. The challan can be printed in Hindi or English with correct PAN/ TAN and name of the organisation

- Log on to incometaxindiaefiling.gov.in
- Select PAN/ TAN
- Enter PAN/ TAN No

If the number is correct, the name will be displayed and the Challan with PAN/TAN and name will appear on the screen , which then can be printed

TAN Changes

If you are allotted TAN and you notice some discrepancy, you can apply for the correction of TAN Data online

- Log on <http://tin.nsd.com>
- Click "TAN Change Request"
- Follow the instructions.

Visit these sites regularly

More uses of internet will come in future. Readers are advised to visit the following websites regularly to know such uses.

www.incometaxindiaefiling.gov.in
<http://tin.nsd.com>
www.incometaxindia.gov.in

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