

## **HIGHLIGHTS OF UNION BUDGET 2011-12**

### **TAXES**

- \* Standard rate of excise duty held at 10 percent; no change in CENVAT rates
- \* Personal income tax exemption limit raised to Rs 180,000 from Rs 160,000 for individual tax payers
- \* For senior citizens, the qualifying age reduced to 60 years and exemption limit raised to Rs 2.50 lakh.
- \* Citizens over 80 years to have exemption limit of Rs 5 lakh.
- \* To reduce surcharge on domestic companies to 5 percent from 7.5 percent.
- \* A new revised income tax return form 'Sugam' to be introduced for small tax payers.
- \* To raise minimum alternate tax to 18.5 percent from 18 percent
- \* Direct tax proposals to cause 115 billion rupees in revenue loss
- \* Service tax rate kept at 10 percent
- \* Customs and excise proposals to result in net revenue gain of 73 billion rupees
- \* Iron ore export duty raised to 20 percent
- \* Nominal one per cent central excise duty on 130 items entering the tax net. Basic food and fuel and precious stones, gold and silver jewellery will be exempted.
- \* Peak rate of customs duty maintained at 10 per cent in view of the global economic situation.
- \* Basic customs duty on agricultural machinery reduced to 4.5 per cent from 5 per cent.
- \* Service tax widened to cover hotel accommodation above Rs 1,000 per day, A/C restaurants serving liquor, some category of hospitals, diagnostic tests.
- \* Service tax on air travel increased by Rs 50 for domestic travel and Rs 250 for international travel in economy class. On higher classes, it will be ten per cent flat.
- \* Electronic filing of TDS returns at source stabilised; simplified forms to be introduced for small taxpayers.
- \* Works of art exempt from customs when imported for exhibition in state-run institutions; this now extended to private institutions.

### **SUBSIDIES**

- \* Subsidy bill in 2011-12 seen at 1.44 trillion rupees
- \* Food subsidy bill in 2011-12 seen at 605.7 billion rupees
- \* Revised food subsidy bill for 2010-11 at 606 billion rupees
- \* Fertiliser subsidy bill in 2011-12 seen at 500 billion rupees
- \* Revised fertiliser subsidy bill for 2010-11 at 550 billion rupees
- \* Petroleum subsidy bill in 2011-12 seen at 236.4 billion rupees
- \* Revised petroleum subsidy bill in 2010-11 at 384 billion rupees
- \* State-run oil retailers to be provided with 200 billion rupee cash subsidy in 2011-12

## **POLICY REFORMS**

- \* To create infrastructure debt funds
- \* FDI policy being liberalised.
- \* To boost infrastructure development with tax-free bonds of 300 billion rupees
- \* Food security bill to be introduced this year
- \* To permit SEBI registered mutual funds to access subscriptions from foreign investments
- \* Raised foreign institutional investor limit in 5-year corporate bonds for investment in infrastructure by \$20 billion
- \* Setting up independent debt management office; Public debt bill to be introduced in parliament soon
- \* Bills on insurance, pension funds, banking to be introduced.
- \* Constitution Amendment Bill for introduction of GST regime in this session.
- \* New Companies Bill to be introduced in current session