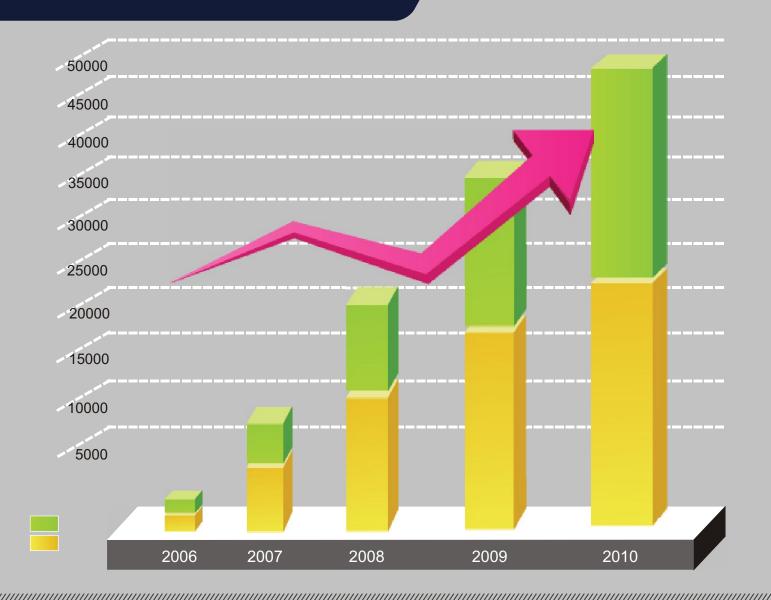
## TAX GUIDE 2010 Now make your tax planning



# Tax Topics

- Tax changes for 2008-2009 vs 2009-2010
- Last minute tax planning? Here is a quick guide!
- How to avoid paying taxes on interest income?

### TAX GUIDE 2010 Now make your tax planning

### Tax changes for 2008-2009 vs 2009-2010

Every year, the government introduces budget in which the finance minister tends to make some modifications to our personal tax.

So how does tax structure for 2009-2010 differ from that of 2008-2009?

What is its impact on your finances?

Read on to know more.

### Hike in exemption limit of basic income tax:

In 2009-2010 budget, the basic income tax exemption limit, which is the income limit up to which income tax is not payable has been slightly hiked. It has been increased by Rs. 15,000 for senior citizens and by Rs. 10,000 for others. So if you are a senior citizen, your limit in 2008-2009 was Rs. 2,25,000, then in 2009-2010 it has become Rs. 2,40,000. If you are a male tax payer, your limit now becomes Rs. 1,60,000 from Rs. 1,50,000 and for a woman, your new limit now becomes Rs. 1,90,000 from 1,80,000.

#### Its impact:

Let us say you are a woman tax payer, with an annual income of Rs. 2,00,000. In 2008-2009, your taxable income was Rs. 20,000. But with the increase in exemption limit, you end up paying tax only on Rs. 10,000, thereby lowering your tax payable.

Elimination of surcharge on income tax: Till 2008-2009, all income tax payers whose income exceeded Rs. 10 lakhs had to pay a surcharge of 10% on the total tax payable. But in 2009-2010 this surcharge has been totally removed.

### Its impact:

You will save a significant amount if your income exceeds Rs. 10 lakhs. As your income increases, your savings would increase. E.g. if your income is Rs. 15 lakhs, then you would have paid Rs. 3,55,000 in tax and Rs. 35,500 towards surcharge in 2008-2009. But from 2009-2010, you don't have to pay this surcharge, thus saving you Rs. 35,500.

### TAX GUIDE 2010 Now make your tax planning

### Hike in section 80DD deduction:

Under Section 80DD you can claim a deduction if you are looking after a handicapped dependent. In 2008-2009, the upper limit was Rs. 75,000. But in 2009-2010 this limit has gone up to Rs. 1,00,000,...

### Its impact:

You stand to save up to Rs. 7,500 based on your income slab. E.g. if your income is Rs 10 lakhs, and you spend Rs 2 lakhs on the medical treatment of your father, you can reduce your new taxable amount now becomes Rs 9 lakhs. In 2008-2009, your taxable amount would have gone down to Rs. 9.25 lakhs.

### Increase in the scope of Section 80E:

Till 2008-2009, the interest paid on the education loan taken for graduate and post graduate (PG) programs in engineering, medicine and management, or for PG programs in applied pure sciences (including mathematics and statistics) could be deducted from your taxable income. But from 2009-2010, this facility would be available for all types of courses including vocational studies.

#### Its impact:

If your annual income is Rs 3 lakhs and have paid Rs. 50,000 towards educational loan for a course in hotel management, your taxable income now becomes Rs. 2.5 lakhs.

### Removal of Fringe Benefit Tax (FBT):

Till 2008-2009, government levied FBT on the perks your company pays you. In 2009-2010, the government has ultimately removed it for good.

#### Its impact:

If your employer offered you fringe benefit, on which he paid tax, previously it was included in your CTC salary. But

