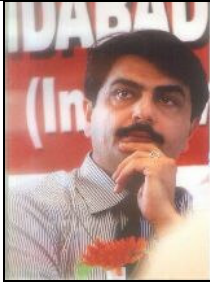


## E-circular dt Monday, January 12, 2009



Rajive Chawla  
President, FSIA



Sangeet Kr Gupta  
Hony Consultant, FSIA

Dear Members,

### Topic no 1 : Income Tax Rates for Current year

The Financial Year 2008-09 is coming to a close. And last instalment of the Advance Taxes has to be paid now ( by 15<sup>th</sup> March 2009). For your Salaried Staff including Directors, TDS for the year has to be finalized now. The Tax rates were reduced a lot this year. So, please note the exact rates for the AY 09-10, as follows :

#### **"I-T Rates and Basic Exemption Limits ."**

*This is the Basic amount of income, till which, you do not have to pay any tax. (This is the tax free limit ). Now this has been increased.*

- |                          |              |
|--------------------------|--------------|
| a. For General Category  | Rs. 1,50,000 |
| b. For women hiked to    | Rs 1,80,000  |
| c. For Senior Citizens = | Rs. 2,25,000 |

<b><u>Basic Rates</u></b>	<b><u>Rate</u></b>
Upto Rs. 1,50,000	Nil
Rs. 1.50 lac - Rs.3.00 lac	10%
Rs. 3.00 lac - Rs.5.00 lac	20%
Rs. 5.00 lac onwards	30%

#### **Surcharge**

Those with taxable income upto Rs. 10 lakh Nil  
Those with taxable income above Rs. 10 lakh 10%.

**Education Cess , incl SHE cess** 3% for all.

*And this is the Net taxable income , after all section 80 C deductions  
You can invest upto Rs. 1 lac into Section 80 C investments  
And the Mediclaim u/s. 80D has become 15000 Normal + 15000 for mediclaim of parents, if you are paying that.*

## What is the effect on TDS

So, we did a quick computation.

For your employee with a Salary of Rs. 20000 per month, the TDS this year will be just Rs. 300 per month. And that is just next to nothing. (( He spends more than that on one dinner with family in Restaurant )) . And this Tax is just 1.72% of his Gross Salary

Salary per month	annual salary	Less: 80D / 80 C / HRA / convey.	Net taxable income after 80C	Basic Income Tax (New rates)	surc	Cess	Income Tax at New Rates	Effective tax %		TDS per month (approx)
14,000	168,000	30,000	138,000	0	0	0	0	-		
15,000	180,000	30,000	150,000	0	0	0	0	-		
16,000	192,000	30,000	162,000	1,200	0	36	1,236	0.64	%	100
17,000	204,000	30,000	174,000	2,400	0	72	2,472	1.21	%	200
18,000	216,000	50,000	166,000	1,600	0	48	1,648	0.76	%	100
19,000	228,000	50,000	178,000	2,800	0	84	2,884	1.26	%	200
20,000	240,000	50,000	190,000	4,000	0	120	4,120	1.72	%	300
21,000	252,000	50,000	202,000	5,200	0	156	5,356	2.13	%	400
22,000	264,000	75,000	189,000	3,900	0	117	4,017	1.52	%	300
23,000	276,000	75,000	201,000	5,100	0	153	5,253	1.90	%	400
24,000	288,000	75,000	213,000	6,300	0	189	6,489	2.25	%	500
25,000	300,000	75,000	225,000	7,500	0	225	7,725	2.58	%	600

## What is the “Target of this FSIA message” ?

Generally, it is seen that many Staff members, do not like to take TDS deduction properly. They try to find excuses, try to force manipulations. And all this leads to “bad books of accounts”. The so-called system of “voucher payment” also leads to unnecessary liability of Fringe Benefit Tax on the Employer.

## What is the message ?

The message is that,

- If your company has system of so-called voucher payments , and indirect payments to “benefit” the employees, then, think again, → With the tax rates, so low, you can pay them properly.

## What if some managers as working as “professionals” ?

- If they bill you as “professionals”, it too has its demerits, you can think of making them your regular employee.
- Example : As a professional a Manager drawing 25000 p.m. will have a TDS of Rs 2500 p.m. (TDS rate=10%) and as a employee he can get away with just Rs. 600 p.m as TDS-salary.
- From an annual TDS of Rs 30000 p.a → reduce to → Rs. 7725 p.a. ( saving of 22000 for him )
- So, again lower tax rates help you.

## What is the Benefit to “Employee” ?

- Biggest benefit is “a bigger income in his Form 16 / Salary Certificates ”
- So, a bigger and easy entitlement of Housing Loans, Car Loans, and other misc loans. → He can convert his dream of living in a better House / Flat, using this higher bank loans.

## 2. Income Tax rate for companies and Firms → No Change

- a. Basic rate of 30%
- b. Surcharge
  - i. Firm/Company= 10% only if the Profit is more than Rs. 1 Crores
  - ii. Individual = 10% only if the Profit is more than Rs. 10 Lakhs
- c. Cess = 3% for all

### Topic 2 : Flatted Factories Complex, Sector 59, Faridabad

The HSIIDC “Ready to move in Industrial sheds in Flatted Factories Complex, Sector 59, Faridabad” are near-ready. The allottees have been given their letters by HSIIDC recently. We congratulate all the allottees. FSIA, being one of the fore-runners behind the concept of this Flatted Factory Complex, thanks the Chief Minister, Haryana and the HSIIDC to seeing the scheme through.

We at FSIA welcome and look forward to the development of a robust cluster in that area soon.

### Topic 3 : Modernization of Quality Marking Centre

Members may be aware that there is a well equipped Testing Lab at the Quality Marking Centre (QMC), ITI Campus, NH4, NIT Faridabad. This is a major facility for MSMEs who have to either spend precious capital in creating in-house Testing Lab. This has been upgraded and is **being mentored by your own FSIA**

This Quality Marking Center (QMC) has purchased and installed the

- 1) Spectrometer
- 2) Horizontal Tensile testing machine for testing of ACSR Conductor
- 3) Salt spray test apparatus
- 4) Fan Air delivery system
- 5) Test bench for testing of UPS & Stabilizers in QMC (Elect. Goods)

So, members are **welcome to use the facilities** ( at good discount to the general market rates).

### Topic 4 : Interest Rate Subvention for Exporters restarted

For exporters, the Government has given 2 per cent interest subvention on both pre and post shipment credit for labour intensive export sectors namely textiles (handlooms, carpets and handicrafts), leather, gems and jewellery, marine products and the SME sector. This subvention will be available till March 2009, subject to a minimum rate of interest of 7 per cent a year. So, if you are an exporter, contact your Bank immediately. And follow up with them to get the benefit of this scheme.

### Topic 5 : Important Change in Bill Discounting – at SIDBI

Core NEWS =



“SIDBI has put a 45 day Cap, on the Age of Bills for Bill Discounting”

भारतीय लघु उद्योग विकास बैंक  
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

On Wednesday, January 14, 2009, we, at FSIA met the SIDBI officers for the problems faced by some FSIA members. The Topic was the denial of Bill Discounting to some Hundi's made by Companies like Escorts etc.

The SIDBI officials, clarified their position and advised FSIA team on the recent updation of the systems and RBI Directives on this matter. We are giving a jist to you, for all member's kind knowledge.

**Preface :** Many FSIA members are availing the "Bill Discounting / Hundi Discounting" limits for the sales made to the corporates like Escorts, Talbros, and Ace Construction etc , within the overall limits of these corporates with SIDBI.

**Old System :** SIDBI was flexible in receiving the Hundi documents, from the "vendors".

**New System :** SIDBI General Manager-Faridabad branch, informed that on an All India basis, the software has been changed / is being changed in SIDBI. As a result of this, in future, **no bills of exchange/hundi will be allowed** to be discounted , **if the bill is already 45 days old**. (from date of shipment )



#### **Suggestion to the members of FSIA**

- a) Don't delay the process
- b) Make out the Hundi, immediately after the invoice is made, and get it accepted from the buyer, and discount with SIDBI immediately.

#### **Internal Reason for this change ?**

The MSME Act provides that the payment by a Large unit, to the vendor should be made, within 45 days of the shipment. (except some exceptions). So, if the Sibdi accepts these bills after the 45 days, it will itself be contrary to the legal ethos.

**For queries, suggestions and feedback , you can e-mail us at :**

	<p><b>Sangeet Kumar Gupta</b> FCA, ICWA, PGDMM, B.Com(Hons) Honorary Consultant, Faridabad Small Industries Association 93126-08426 <a href="mailto:groupmlg@eth.net">groupmlg@eth.net</a> <b>Camp Off :</b> 63, Sector-15, Faridabad <b>FSIA Off :</b> FSIA Park, Opp. Plot No.23, Sector- 24, Faridabad- 121005</p>	
---	---	---

#### **Subscription**

Please send your details, and request by e-mail to [groupmlg@eth.net](mailto:groupmlg@eth.net), or [FSIA4u@rediffmail.com](mailto:FSIA4u@rediffmail.com), or [Rajivchawla@india@yahoo.com](mailto:Rajivchawla@india@yahoo.com). My personal email id is [skgupta@mlginfotech.com](mailto:skgupta@mlginfotech.com)

#### **for Discontinuation of this E-mail**

To discontinue receipt of e-mails from the author, please reply mentioning "Discontinue" in the Subject.

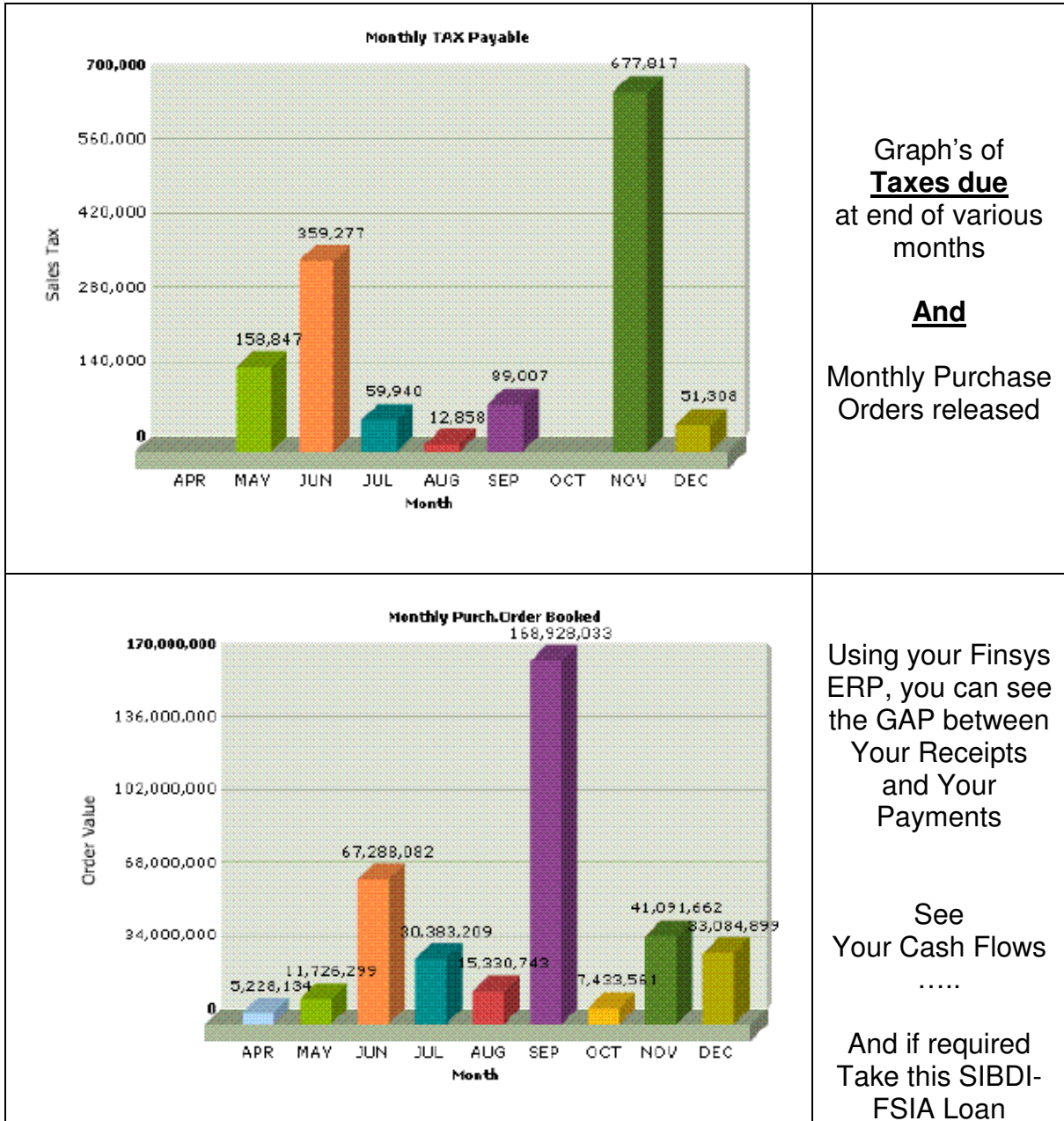
#### **Notes & disclaimer**

For private circulation. Intended for recipient only. This is only for personal information of the members. Based on information & interpretations available as on Wednesday, January 14, 2009. Please contact your Consultant / Chartered Accountant / counsel for his final opinion, if deemed fit.

---

For Back issues, click on <http://www.finsys.co.in/Ecirculars.htm>

**Adv.** : Many Successful businesses are controlling their Business operations, Accounts, Purchase, Sales, Complaints, Collections, Taxation, Production, ISO-9000/ ISO-14001 and TS-16949 systems on the Finsys ERP packages © MLG Infotech P Ltd 1992-2009.



For information about how to use the Finsys ERP, access the manuals on [www.finsys.co.in](http://www.finsys.co.in)

[www.finsys.co.in](http://www.finsys.co.in)

Home page of "Finsys"-( The ERP Software Solutions ) # 93500-18744 ( Puneet Gupta)