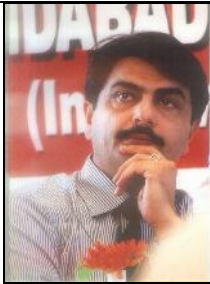


E-circular dt 26th -May-2008



Rajive Chawla
President, FSIA



Sangeet Kr Gupta
Hony Consultant, FSIA

Dear Members,

Lots of news to share with you,

Topic no 1

**First : Since income Tax Rates have fallen steeply,
So, you can pay better, to your Senior Managers/ Directors** (one more reason)

This will be a pleasant Surprise to all Senior Staff managers.

And also to you, if you want to plan your own Director's Remuneration for this year 2008-09.

Now since the Finance Act, 2008 (Budget 2008) has been passed. You must also read this topic, if you want to start deducting TDS-Salaries of your Directors and staff at correct Rates.

Just a re-collection, from our e-circular dt 1-3-2008 on Budget

"I-T Rates slashed + Basic Exemption Limit Hiked."

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.

- For normal people : Rs. 1,50,000*
- For women hiked to Rs 1,80,000*
- For Senior Citizens = Rs. 2,25,000*

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

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 Medclaim 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 a 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.

A Help Chart (in excel is attached)

Just try working on this excel chart to know the income tax liability at different salary ranges.

Topic 2 : Flatted Factories Complex, Sector 59, Faridabad

You must have already come to know of the “Ready to move in Industrial sheds in Flatted Factories Complex, Sector 59, Faridabad” → If interested, apply now.

HSI IDC: Haryana State Industrial & Infrastructure Development Corporation Limited

Regd. Office: C-13 & 14, Sector-6, Panchkula, Ph. 2590481-83, 2590312

Fax : 2590474, E-mail : info@hsiidc.org, Website : www.hsiidc.org

Faridabad Office: 133-B, HSI IDC Indl. Estate, Sector-31, Faridabad, Ph: 0129-2276950

Delhi Office: C-8, Baba Kharak Singh Marg, New Delhi, Ph: (011) 23347680-82

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 : FSIA Cluster with German Technical Cooperation (gtz):

Business Development Cluster for 40 FSIA members engaged in auto-component and Light Engineering was started last year. A detailed Techno- Commercial Assessment of the participating members has been conducted by Special Agency recruited for the purpose. On the basis of reports and feedback from members, a detailed and very ambitious calendar of events has been finalized for Training and development of participating units, their CEOs and teams.

We are grateful to German Technical Cooperation for funding the entire Techno-Commercial Assessment Fee and costs. They have further agreed to bear the entire costs of Faculty, Experts, Trainers and specialists who have been hired to achieve Manufacturing excellence, business and export development of the participating units. In my next mail, I shall be sending the calendar of the training activities.

Rare golden opportunity: We have a few vacant seats available for members wishing to join this cluster. Interested members should immediately call Mr Rajive Chawla at 9810154568 or e-mail to rajivchawla@yaho.com .

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

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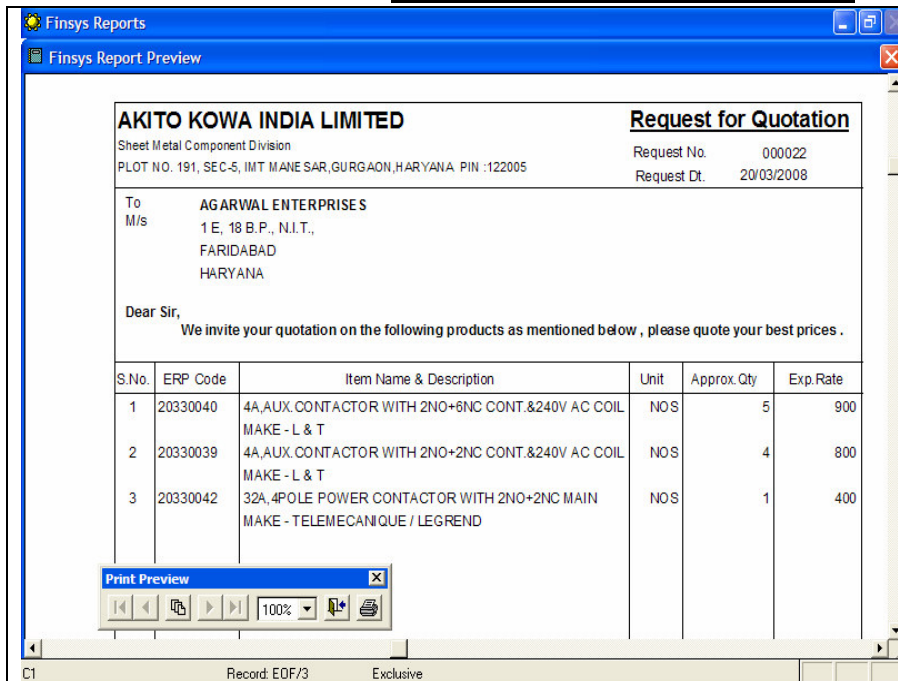
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Do you know **There are about 17 other jobs of the Purchase Department**, apart from just issuing a Purchase Order Finsys ERP can help you do those other 16 too.

“How *Secure* and *Fair* is your Vendor Management ?”,

Does your ERP -- have the module for “Objective Information” of the Vendor Selection ?



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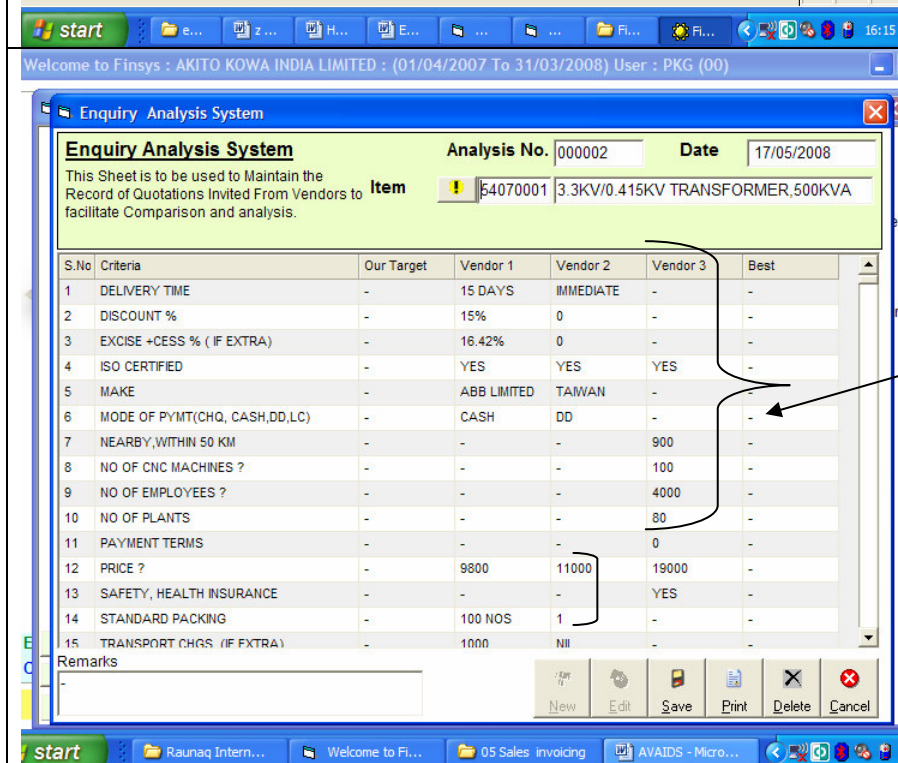
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Request for Quotations

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Features :

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- Response of RFQ's with commercial parameters



Comparison of Quotations

Finsys ERP helps you make objective + impartial decision , as to why a vendor was selected, or not selected

You can compare on

& Some fields can be made mandatory. Example : Reason for selection of a vendor for a PO to be made “mandatory”. In PO also, Take the person name, time/date, mode of getting quotation.

& You can get, even after years, the background + justification of placing each order,

& Register of quotations, date wise, data entry wise, party wise, item wise.

For Trade Enquiries contact : Puneet Gupta 93500-18744, Dinesh Verma 9313136494 - MLG Infotech Pvt Ltd – the company that can give you both the full ERP and also modules , according to your need.