

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2276
ANSWERED ON:06.08.2010
TAX RELIEF TO SMALL TAX PAYERS
Singh Shri Rakesh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have adopted measures to provide relief to small tax payers keeping in view price rise;
- (b) if so, the details thereof ;
- (c) whether the Government proposes to increase the limit of existing income tax; and
- (d) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE:(SHRI S.S. PALANIMANICKAM)

(a)to (d) Direct Tax Policy initiatives are framed on an annual basis through the Finance Act for the relevant year. During the current year , the Finance Act, 2010 has provided following relief measures for taxpayers which also benefit small tax payers:-

1. Deduction up to an extent of Rs.15,000 has been provided for contribution made to Central Government Health Scheme (CGHS) in addition to the previously existing deduction on account of health insurance premium under section 80D of the Income-tax Act, 1961 (Act) in the case of individual and HUF.
2. Deduction of Rs.20,000 over and above the existing overall limit of deduction on account of savings of upto Rs.1 lakh under sections 80C, 80CCC and 80CCD is available for subscription made during financial year 2010-11 to long term infrastructure bond under the newly inserted section 80CCF in the case of individual and HUF.
3. The tax slabs has been widened for individual tax payers for the Financial Year 2010-11 and now income up to Rs. 5,00,000 will be taxed at the rate of 10% and income over Rs. 5,00,000 up to Rs. 8,00,000 will be taxed at the rate of 20%. Above Rs. 8,00,000 the income will be taxed at the rate of 30%.These slabs for the Financial Year 2009-10 were Rs. 3,00,000 and Rs. 5,00,000 respectively.The basic exemption limit remains Rs. 1,60,000.