

**Summary of simplified procedures of Income tax announced by The  
Government of India  
Press Release by dated 8<sup>th</sup> January, 2004.**

1. Person having salary income of less than Rs. 1,50,000, after standard deduction, will not have to file return.

The tax payable by them shall be deducted from their salary.

The salary certificate (Form No. 16) submitted by the employer to the Income-tax department will be treated as the return.

2. Under the one by six scheme, persons not having taxable income have to file returns if they satisfy any of the six conditions ( e.g. having a mobile phone , owns a flat exceed certain area , etc.). Now Persons earning income from pension will not be covered by this scheme . This means that pensioners will have to file return only if they have taxable income.

3. When an employee takes a loan from his employer , interest free or at a concessional interest rate, the benefit is charged to tax as perquisite in the hands of the employee. The benefit is considered as the difference between prescribed rates , and the rate of interest charged by the employer. Currently the prescribed rate are 10 % for housing loans and 13 % for other loans. Now the prescribed rates , are proposed to be revised , to bring them in line with the prevailing market rates.

4. Currently certain tax exempt entities , such as trusts etc., had to submit a certain prescribed certificate to the payer of the income. This certificate was to ensure that no tax is deducted tax at source , on payments received by them. This prescribed certificate was to be given by the exempt entity to each payer of income. Now the assessing officer of the exempt entities will issue a single certificate to such entities so as to ensure no deduction of tax at source. The exempt entity will issue copies of such certificate to each payer of income.

5. Certain infrastructure industries were given exemption for interest, dividend & long term gain income. For this purpose, the infrastructure entity has to file an application with the Central Government. The Central Government would give permission for three assessment years at a time. Now there will be only one time approval for all assessment years.

6. The department will put into a scheme, under which assesseees will be able to file their return using the internet verified by digital signatures. There will be no paper work. This scheme will be initially for salaried employees & professionals only.
7. Challan for payment of TDS has four counter foils. This is proposal to be reduced to one.