

Ceiling on Income Tax rebate

†*454. SHRI SUBHASH PRASAD YADAV: Will the Minister of FINANCE be pleased to state:

(a) whether there is a jump of 20 to 50 per cent in the salary of Government officers and employees after implementation of the Sixth Pay Commission Report;

(b) if so, whether Government has increased the ceiling on income tax rebate by Rs. 10000/- only;

(c) if so, whether this increase of Rs. 10000/- is negligible compared to rise in salary;

(d) whether Government will reconsider to increase this ceiling;

(e) if so, the details thereof and if not, the reasons therefor;

(f) whether there is any proposal for further increase in saving limit of rupees one lakh; and

(g) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) On the recommendations of the Sixth Central Pay Commission, fitment benefit of 40% of the maximum of the pre-revised pay scale has been granted to Government servants as on 1.1.2006. However, on account of bunching, in some cases, there may be higher fitment.

(b) The basic income-tax exemption limit has been increased by the Finance (No. 2) Bill 2009 by Rs. 10000/- in case of individuals and women below the age of sixty-five years and by Rs. 15000/- in case of senior citizens *i.e.* individuals above the age of sixty-five years.

(c) The percentage increase in the exemption limit and the increase in salary varies from individual to individual depending upon the increase in salary in the particular case.

(d) No, Sir.

(e) The personal income-tax slabs were substantially restructured by the Finance Act, 2008 increasing the basic exemption limit from Rs. 1,10,000/- to Rs. 1,50,000/- for individuals, from Rs. 1,45,000/- to Rs. 1,80,000/- in the case of women below the age of sixty-five years and from Rs. 1,95,000/- to Rs. 2,25,000/- in the case of senior citizens. The Finance (No. 2) Bill 2009 has granted further relief to the taxpayers by enhancing the basic exemption limits and removing the surcharge on Personal Income Tax.

(f) and (g) There is no proposal to increase the savings limit further as substantial relief has already been given to tax payers in Finance (No. 2) Bill 2009 and any enhancement of savings limit will lead to loss of revenue.

†Original notice of the question was received in Hindi.