

## **Income Tax Exemption Limit Raised by Rs.50,000 – Does it meet the Central Government employees’ expectations?**

Finance Minister Arun Jaitley announced that the Income Tax exemption limit for individual taxpayers, below the age of 60 years has been raised from Rs. 2 lakhs to Rs. 2.5 lakhs.

The General Budget 2014-15 presented by the Union Finance Minister Shri Arun Jaitley on 10th this month, most Central Government employees were hoping that the Income Tax exemption limit for salaried pupil would be raised to at least Rs 3 lakhs this time. But the Finance Minister delivered a shock and disappointment to everyone with an increase of a mere Rs. 50,000.

Prior to the election, based on the speeches and statements issued by the now Finance Minister, there were talks that the non-taxable income limits would be raised to Rs. 5 lakhs.

Central Government employees, who were constantly disappointed in the past few years, were not ready to believe it. But they reluctantly hoped that the amount would be raised by Rs. 1 lakh.

The fact that it was increased by only Rs. 50,000 had disappointed many. It could have been much worse had there not been any increase at all or if it was a consolatory hike of Rs. 10,000.

The Minister explained that he couldn't offer anything more for the time being due to acute cash crunch for the newly elected Government. But he assured everybody that it is just the beginning, and that there will be plenty of positive changes in the future. Since this is the first budget presented by the new Government and since he has already granted exemption of Rs. 50,000, his promise is very believable.

It is worth mentioning that tax exemption under Section 80C is going to be increased from Rs. 1 lakh to Rs. 1.5 lakhs. It is a painful fact that tax exemptions for savings had not been increased for a number of years. There were rumours that the Government is planning to hike the exemption by Rs. 1 lakh, but the Finance Minister has offered much-needed consolation by increasing it by Rs. 50,000.

Although the change is not a huge one for thousands of Government employees who have been waiting for tax relief for a number of years, they are bound to feel mildly reassured.

The table given below shows the non taxable salary slab for the past eight years.

<b>YEAR</b>	<b>MINIMUM INCOME CEILING</b>
2009-10	1,60,000
2010-11	1,60,000
2011-12	1,80,000
2012-13	2,00,000
2013-14	2,00,000
2014-15	2,50,000