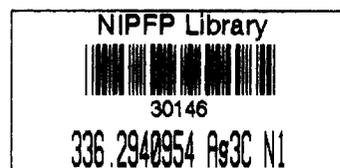




**COMBINED INCIDENCE OF INCOME, WEALTH
AND PROPERTY TAXES : AN ILLUSTRATION**

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Abstract

The combined incidence of income, wealth and property taxes is found to be exorbitantly high that could not have been intended by the policy makers. This has been illustrated with regard to income from investment in housing. A coherent approach need to be adopted towards the tax system in contrast to a piecemeal approach with respect to individual taxes, in formulating tax policy. Such an approach would evolve a rational tax system, that would facilitate better enforcement because of reduced incentive for evasion and avoidance.

**COMBINED INCIDENCE OF INCOME, WEALTH AND
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Pawan K. Aggarwal*

I. Introduction

In a system of multiple taxes, one or more of the taxes fall on a common tax base. In India, income from an asset such as an equity share bears the burden of three taxes: corporate income tax, personal income tax and wealth tax. Similarly, income from an house bears the burden of three taxes: personal income tax, wealth tax and property tax. Such multiplicity of taxes may be leading to an unintended and high combined effective tax burden on investment incomes even if the burden of individual taxes is not unintended or high. This may also result in differential tax burden on incomes from investments in different assets and hence inequity in taxation. The ratio of effective burden of a tax to investment income can be referred to as the 'implicit effective rate' of the tax under consideration. The use of the term 'implicit' is adequate as the combined incidence of different taxes is to be estimated with reference to a common tax base, i.e., investment income rather than with reference to statutory tax bases of different taxes.

In India, the burden of even specific individual taxes has been very high during certain periods. Under the wealth tax, the marginal tax rate - as high as 8 per cent was applicable during the financial years 1971-72 to 1975-76, i.e., the assessment years 1972-73 to 1976-77 (see Table 1). (Hereinafter,

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all references to the years are in terms of assessment years unless specified otherwise.) Assuming an yield of 10 per cent on wealth, the marginal tax rate of 8 per cent on wealth means, in effect, an implicit marginal tax rate of 80 per cent on the actual or implicit income from wealth. Similarly, under the personal income tax, the marginal tax rate - as high as 97.75 per cent was applicable during the period from 1972-73 to 1974-75 (see Table 4). Thereby, the combined implicit marginal tax rate of income and wealth taxes on implicit income could exceed 177 per cent, during the period from 1972-73 to 1974-75. Such high marginal tax rates do not make sense and are bound to result in a large scale noncompliance with the tax laws. The objective of this study is to throw some light on the combined incidence of major direct taxes of the Union government in the current year, i.e., the financial year 1991-92 (or the assessment year 1992-93). The extent of high incidence of direct taxes is illustrated by estimating the combined implicit effective and marginal rates of income, wealth and property taxes on the rental income from investment in residential houses.

The plan of the study is as follows. Section II gives a description of property, wealth and income taxes in India. Section III presents estimates of and analyses incidence of all the three taxes. Section IV contains concluding remarks.

II. Description of Tax Schedules

a. Property tax

For the purpose of computation of property tax, the residential property under consideration is taken to be situated in New Delhi. The tax base of such an house, referred to as the 'rateable value of the house', is to be obtained from gross rental income (GRI) by allowing a deduction for maintenance of the house. The deduction allowable for maintenance is 10 per cent of the GRI. The rate of property tax for the financial year 1991-92 or for the corresponding assessment year 1992-93 is 30 per cent. From the

tax so computed, a rebate for prompt payment, at the rate of 25 per cent of the tax is allowable. Thus the net property tax payable can be obtained as 30 per cent of the rateable value of the house less the tax rebate for prompt payment of the tax. It may be noted that property tax is proportional to both gross rental income and rateable value of the house. The latter is simply 90 per cent of the former. Also the tax rate net of the tax rebate for prompt payment works out to be 22.5 per cent. Therefore, the net property tax can also be obtained as 22.5 per cent of 90 per cent of gross rental income of the house.

b. Wealth tax

In India, under the Wealth Tax Act, 1957, a progressive wealth tax rate schedule applies to the net wealth of an individual which is defined as the value of his assets minus his liabilities. The wealth tax schedule has been substantially varied during the period from 1957-58 to 1992-93 (see Table 1). A relief from wealth tax on the specified assets is available through non-inclusion (or exclusion) of value of such assets (with or without monetary limits) in the taxable wealth, under Section 5(1) of the Act. The assets subjected to the monetary limits on the extent of exclusion include conveyance, tools and instruments required to carry on vocation or profession, one house and some financial assets. With a view to adjusting for inflation, the monetary limits have been raised, over time (see Table 2).

From Table 1, it will be noted that exorbitantly high marginal tax rates such as 8 per cent were prevalent during the period from 1971-72 to 1985-86 which have been substantially reduced during the year 1986-87 and since then remained unchanged. The tax schedule applicable the financial year 1991-92 (i.e. for the assessment year 1992-93) is given in Table 1 (column 13). The maximum marginal tax rate on net wealth is 2 per cent. As will be noted from Table 2, there is an exemption available in regard to a house to the extent of Rs 5 lakh of the value of the house.

c. Income tax

In India, personal income is taxed at graduated rates with many exemptions, deductions and tax credits available with respect to investment in specified assets or in regard to yield from specified assets. During the last three decades, the tax schedule in India has varied substantially. A brief description of the tax schedules which were prevalent during the period 1961-62 to 1991-92 is given in Tables 3 and 4. Information on the range of statutory marginal tax rates, exemption limit and surcharge (if any) is given in Table 3. The statutory marginal tax rates by income brackets, for different years, are presented in Table 4. It will be noted from Table 3 that the period 1961-62 to 1970-71 can be characterised as the period with very low minimum marginal tax rate which did not exceed 6 per cent. The period 1972-73 to 1974-75 can be characterised as the period with very high maximum marginal tax rate (inclusive of surcharge) which was as high as 97.75 per cent as discussed earlier. During the period from 1975-76 to 1981-82, the minimum marginal tax rate has been moderately low and the maximum marginal tax rate has been moderately high. The period from 1982-83 to 1984-85 can be characterised as the one with very high minimum marginal tax rate that has been 28.125 or 33.00 per cent. In the subsequent years, the minimum as well as the maximum marginal tax rates have been lowered. The tax schedule in the financial year 1991-92 (i.e., the assessment year 1992-93) can be characterised as the one with moderately high both the minimum and the maximum marginal tax rates.

III. Combined Incidence of Taxes

Implicit effective as well as marginal rates of property, wealth and income taxes are computed at five levels of investment in housing with annual gross rental incomes as rupees 0.5, 1, 2, 3 and 6 lakhs. For the purposes of computation of implicit effective and marginal tax rates, it is assumed that the houses are let out, the owners of these houses have no other

source of income and there is no tax evasion. The computation of implicit effective tax rates is shown in the Appendix. The implicit effective tax rates of individual taxes as well as of all the three taxes combined, are given in Table 5. The implicit marginal tax rates of individual taxes and of all the three taxes combined, are presented in Table 6. It is important to note that the implicit marginal rate of each of the three taxes is the additional tax burden on the relevant statutory tax base required for earning an additional rupee of gross rental income (GRI). Corresponding to earning of an additional rupee of GRI, the increase in the tax bases namely, the ratable value of the house, taxable net wealth and taxable income under the property, wealth and income taxes, are rupees 0.9000, 8.0925 and 0.6646 respectively. These figures can be obtained by taking the relevant tax bases as proportion of gross rental income in any of the columns in the Appendix.

From Table 5, it may be noted that the incidence of property tax is proportional and that of wealth and income taxes is progressive (columns 2 to 4). Between the property, wealth and income taxes, wealth tax as compared to the other two taxes results in lowest tax burden at all levels of GRI or investment in housing. Between property and income taxes, the former as compared to the latter results in higher tax burden at low income (GRI) levels and lower tax burden at high income (GRI) levels (columns 2 and 4). The implicit effective rate of income tax rises from 5.14 per cent at GRI of Rs 0.5 lakh to 33.04 per cent at GRI of Rs 6 lakh whereas implicit effective rate of property tax remains same at 20.25 per cent.

From Table 5, it will also be noted that the combined incidence of all the three taxes is substantially progressive (column 5). The combined implicit effective tax rate increased from 25.39 per cent at the level of GRI of Rs 0.5 lakh to 63.43 per cent at the level of GRI of Rs 6 lakh. This suggests that the combined tax burden is high specifically at the high income levels. Further, combined implicit marginal tax rates at almost

all income levels are found to be exorbitantly high (column 5 in Table 6). The combined implicit marginal tax rate at the income level of Rs 0.5 lakh is as high as 42.58 per cent that increases to 73.65 per cent at the income level of Rs 6 lakh. This gives high incentive for avoidance or evasion of taxes. It is doubtful, if such high marginal or average rates of tax would have been intended by the policy makers. This indicates the need for a coherent approach towards the tax system rather than piecemeal approach to the individual taxes. If the incentive to evade or avoid is to be checked then the combined burden of different taxes should be rationalised along with a drive for better enforcement of taxes that will, in fact, be facilitated by the lower tax rates under the rationalised tax regime. An adequate enforcement strategy accompanied by a rationalised tax system can more than compensate for the loss in tax revenue due to reduction in the tax rates in the process of rationalisation.

IV. Concluding Remarks

The combined incidence of property, wealth and income taxes on gross rental incomes or investment in housing is found to be progressive that may be considered as a desirable characteristic of the tax system. However, the combined implicit effective tax rates are found to be high at least at the high income levels and the combined implicit marginal tax rates are found high at all income levels which, perhaps, would not have been intended by the policy makers. There seems to be an urgent need to adopt a coherent approach in rationalising the tax system rather than following a piecemeal approach to the individual taxes. The rationalisation of the tax system should be carried out through appropriate reductions in the high tax rates and better enforcement strategies.

TABLE 1

Wealth Tax Rates of Individuals (1957-58 to 1992-93)

(Per cent)

Net wealth range (Rs. lakhs)	Assessment year(s)									
	1957-58 to 1958-59	1959-60 to 1961-62	1962-63 to 1963-64	1964-65 to 1968-69	1969-70 to 1970-71	1971-72	1972-73 to 1973-74	1974-75	1975-76 to 1976-77	1977-78 to 1979-80
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
0.0- 1.0	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00
1.0- 2.0	0.00	0.00	0.00	0.50	0.50	1.00	1.00	1.00	1.00	0.50
2.0- 3.5	0.50	1.00	1.00	0.50	0.50	1.00	1.00	1.00	1.00	0.50
3.5- 5.0	0.50	1.00	1.00	0.50	0.50	1.00	1.00	1.00	1.00	1.00
5.0- 6.0	0.50	1.00	1.00	1.00	1.00	2.00	2.00	1.00	1.00	1.00
6.0-10.0	0.50	1.00	1.00	1.00	1.00	2.00	2.00	2.00	3.00	2.00
10.0-11.0	0.50	1.00	1.75	2.00	2.50	3.00	3.00	2.00	3.00	2.00
11.0-12.0	0.50	1.00	1.75	2.00	2.50	3.00	3.00	3.00	4.00	2.50
12.0-15.0	1.00	1.50	1.75	2.00	2.50	3.00	3.00	3.00	4.00	2.50
15.0-16.0	1.00	1.50	1.75	2.00	2.50	4.00	8.00	3.00	4.00	2.50
16.0-20.0	1.00	1.50	1.75	2.00	2.50	4.00	8.00	8.00	8.00	3.50
20.0-22.0	1.00	1.50	2.50	2.50	3.00	5.00	8.00	8.00	8.00	3.50
Above 20	1.50	2.00	2.50	2.50	3.00	5.00	8.00	8.00	8.00	3.50

(contd.)

Note: In the year 1988-89, a surcharge of 10 per cent on the wealth tax was applicable.

TABLE 1 (contd.)

Wealth Tax Rates of Individuals
(1957-58 to 1992-93)

(Per cent)

Net wealth range (Rs. lakhs)	Assessment year(s)	
	1980-81 to 1985-86	1986-87 to 1992-93
(1)	(2)	(3)
0.0- 1.5	0.00	0.00
1.5- 2.5	0.50	0.00
2.5- 4.0	0.50	0.50
4.0- 6.5	1.00	0.50
6.5-10.0	2.00	0.50
10.0-11.5	2.00	1.00
11.5-16.5	3.00	1.00
16.5-20.0	5.00	1.00
Above 20	5.00	2.00

TABLE 2

Monetary Limits on Exemptions under Wealth Tax (1968-69 to 1992-93)

(Rs. thousand)

Assessment year(s)	Convey- ances	Tools And Instruments	One House	Financial Assets	Limit Under Section 5(1)A (4)+(5)	Overall Limit (2)+(3)+(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1968-69 to 1970-71	25	20	100	NC	NC	NC
1971-72 to 1974-75	25	20	100	150	250	295
1975-76 to 1982-83	30	20	100	150	250	300
1983-84 to 1984-85	75	50	100	225	325	450
1985-86	75	50	200	325	525	650
1986-87 to 1992-93	75	50	*	*	525	650

Notes: NC: No ceiling.

*: Included in the overall exemption under Section 5(1A). However, the exemption relating to one house is limited to the extent of Rs. 5 lakhs.

TABLE 3

**Range of Marginal Tax Rates Applicable to Individual Taxpayers
in the Years 1961-62 to 1992-93**

Assessment years	Exclusive of surcharge	Surcharge on income tax (per cent)	Inclusive of sur- charge (per cent)	Exemption limit (Rs. thousand)
(1)	(2)	(3)	(4)	(5)
1961-62	3.00 - 70.00	5.0 - 20.0 ¹	3.150 - 84.000	3
1962-63 & 1963-64	3.00 - 72.50	5.0 - 20.0 ¹	3.150 - 87.000	3
1964-65	6.00 - 75.00	0.0 - 24.167 ²	6.000 - 93.125	3
1965-66	5.00 - 65.00	10.0 - 35.0 ³	5.500 - 89.375	3
1966-67 to 1968-69	5.00 - 65.00	10.0 - 35.0 ³	5.500 - 89.375	4
1969-70 & 1970-71	5.00 - 75.00	10.0	5.500 - 82.500	4
1971-72	10.00 - 85.00	10.0	11.000 - 93.500	5
1972-73 to 1974-75	10.00 - 85.00	10.0 or 15.0 ⁴	11.000 - 97.750	5
1975-76	12.00 - 70.00	10.0	13.200 - 77.000	6
1976-77	17.00 - 70.00	10.0	18.170 - 77.000	8
1977-78	15.00 - 60.00	10.0	16.500 - 66.000	8
1978-79 & 1979-80	15.00 - 60.00	15.0	17.250 - 69.000	8 ⁵
1980-81	15.00 - 60.00	20.0	18.000 - 72.000	8 ⁵
1981-82	15.00 - 60.00	10.0	16.500 - 66.000	8 ⁶
1982-83 & 1983-84	30.00 - 60.00	10.0	33.000 - 66.000	15
1984-85	25.00 - 60.00	12.5	28.125 - 67.500	15
1985-86	20.00 - 55.00	12.5	22.500 - 61.875	15
1986-87 & 1987-88	25.00 - 50.00	Nil	25.000 - 50.000	18
1988-89 & 1989-90	25.00 - 50.00	5.0 ⁷	25.000 - 52.500	18
1990-91	20.00 - 50.00	8.0 ⁸	20.000 - 54.000	18
1991-92 & 1992-93	20.00 - 50.00	12.0 ⁸	20.000 - 56.000	22

- Notes:**
1. 5 per cent on tax on income upto Rs. 7,500 and 20 per cent on tax on income exceeding Rs. 7,500.
 2. Nil, 12.5., 15, 17.5 and 24.167 per cent respectively on tax on the income ranges 0-10, 10-25, 25-75, 75-100 and above 100 thousand rupees.
 3. 10, 30 and 35 per cent respectively on tax on the income ranges 0-15, 15-50 and above 50 thousand rupees. These rates are inclusive of 10 per cent special surcharge.
 4. Surcharge on total tax is 15 per cent if taxable income exceeds Rs. 15,000 and 10 per cent otherwise.
 5. If income does not exceed Rs. 10,000, it is treated as exempt.
 6. If income does not exceed Rs. 12,000, it is treated as exempt.
 7. Applicable only if the taxable income exceeds Rs. 50,000 and otherwise 'nil'.
 8. Applicable only if the taxable income exceeds Rs. 75,000 and otherwise 'nil'.

Source: Budget of Union Government of India, for different years.

TABLE 4

Marginal Tax Rates Applicable to Individual Taxpayers in the Assessment Years 1961-62 to 1992-93

(Per cent)

Taxable income (Rs. thousand)	Assessment year(s)													
	1961-62	1962-63 & 1963-64	1964-65	1965-66 to 1968-69	1969-70 & 1970-71	1971-72 to 1974-75	1975-76	1976-77	1977-78	1978-79 to 1981-82	1982-83	1983-84	1984-85	1985-86
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
0 - 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 - 4	3.0	3.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 - 5	3.0	3.0	6.0	5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 - 6	7.0	7.0	10.0	10.0	10.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6 - 7.5	7.0	7.0	10.0	10.0	10.0	10.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7.5 - 8	10.0	10.0	15.0	10.0	10.0	10.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 - 10	10.0	10.0	15.0	10.0	10.0	10.0	12.0	17.0	15.0	0.0	0.0	0.0	0.0	0.0
10 - 12.5	12.0	12.0	15.0	15.0	15.0	17.0	15.0	17.0	15.0	15.0	0.0	0.0	0.0	0.0
12.5 - 15	15.0	15.0	20.0	15.0	15.0	17.0	15.0	17.0	15.0	15.0	0.0	0.0	0.0	0.0
15 - 17.5	20.0	20.0	20.0	20.0	20.0	23.0	20.0	20.0	18.0	18.0	30.0	30.0	25.0	20.0
17.5 - 18	20.0	23.0	20.0	20.0	20.0	23.0	20.0	20.0	18.0	18.0	30.0	30.0	25.0	20.0
18.0 - 20	20.0	23.0	20.0	20.0	20.0	23.0	20.0	20.0	18.0	18.0	30.0	30.0	25.0	20.0
20 - 25	20.0	33.0	35.0	30.0	30.0	30.0	30.0	30.0	25.0	25.0	30.0	30.0	30.0	25.0
25 - 30	33.0	43.0	40.0	40.0	40.0	40.0	40.0	40.0	30.0	30.0	34.0	34.0	35.0	30.0
30 - 40	43.0	47.0	55.0	50.0	50.0	50.0	50.0	50.0	40.0	40.0	40.0	40.0	40.0	35.0
40 - 50	47.0	57.0	55.0	50.0	50.0	60.0	50.0	50.0	40.0	40.0	40.0	40.0	40.0	40.0
50 - 60	57.0	65.0	70.0	60.0	60.0	60.0	60.0	60.0	50.0	50.0	50.0	50.0	50.0	45.0
60 - 70	65.0	70.0	70.0	60.0	60.0	70.0	60.0	60.0	50.0	50.0	50.0	52.5	52.5	45.0
70 - 80	70.0	72.5	75.0	65.0	65.0	70.0	70.0	70.0	55.0	55.0	55.0	55.0	55.0	50.0
80 - 85	70.0	72.5	75.0	65.0	65.0	75.0	70.0	70.0	55.0	55.0	55.0	55.0	55.0	50.0
85 - 100	70.0	72.5	75.0	65.0	65.0	75.0	70.0	70.0	55.0	55.0	55.0	57.5	57.5	50.0
100 - 200	70.0	72.5	75.0	65.0	70.0	80.0	70.0	70.0	60.0	60.0	60.0	60.0	60.0	55.0
200 - 250	70.0	72.5	75.0	65.0	70.0	85.0	70.0	70.0	60.0	60.0	60.0	60.0	60.0	55.0
250 - 300	70.0	72.5	75.0	65.0	75.0	85.0	70.0	70.0	60.0	60.0	60.0	60.0	60.0	55.0
300 - 400	70.0	72.5	75.0	65.0	75.0	85.0	70.0	70.0	60.0	60.0	60.0	60.0	60.0	55.0
400 - 500	70.0	72.5	75.0	65.0	75.0	85.0	70.0	70.0	60.0	60.0	60.0	60.0	60.0	55.0
Above 500	70.0	72.5	75.0	65.0	75.0	85.0	70.0	70.0	60.0	60.0	60.0	60.0	60.0	55.0

(Contd.)

Note: The marginal tax rates presented here do not include surcharge or special surcharge if any. These, however include surtax prevalent in the years 1961-62 to 1964-65, that was applicable to high income taxpayers.

Source: Budget of Union Government of India, for different years.

TABLE 4 (Contd.)

Marginal Tax Rates Applicable to Individual Taxpayers
in the Assessment Years 1961-62 to 1992-93

(Per cent)

Taxable income (Rs. thousand)	Assessment Year(s)		
	1986-87 to 1989-90	1990-91	1991-92 to 1992-93
0 - 18	0.0	0.0	0.0
18 - 22	25.0	20.0	0.0
22 - 25	25.0	20.0	20.0
25 - 30	30.0	30.0	20.0
30 - 50	30.0	30.0	30.0
50 - 100	40.0	40.0	40.0
Above 100	50.0	50.0	50.0

TABLE 5

**Implicit Effective Rates of Income, Wealth and
Property Taxes on Gross Rental Income in the
Financial Year 1991-92**

Gross rental income (Rs lakh)	Implicit effective rate of			
	Property tax	Wealth tax	Income tax	All the three taxes (5)=(2)+(3) +(4)
(1)	(2)	(3)	(4)	(5)
0.5	20.25	0.00	5.14	25.39
1.0	20.25	0.30	14.18	34.73
2.0	20.25	2.47	24.67	47.39
3.0	20.25	4.34	28.85	53.45
6.0	20.25	10.15	33.04	63.43

Note: For computation of the implicit effective tax rates see the Appendix.

TABLE 6

**Implicit Marginal Rate of Income, Wealth and
Property Taxes on Gross Rental Income in the
Financial Year 1991-92**

(Per cent)				
Gross rental income (Rs lakh)	Implicit marginal rate of			
	Property tax	Wealth tax	Income tax	All the three taxes (5)=(2)+(3) +(4)
(1)	(2)	(3)	(4)	(5)
0.5	20.2500	0.0000	23.3302	42.5802
1.0	20.2500	4.0462	29.7736	54.0698
2.0	20.2500	8.0925	37.2190	65.5595
3.0	20.2500	8.0925	37.2170	65.5595
6.0	20.2500	16.1850	37.2170	73.6520

Appendix

IMPLICIT RATES OF INCOME, WEALTH AND PROPERTY TAXES ON THE OWNERS OF RENTED HOUSES IN THE FINANCIAL YEAR 1991-92

The combined effective rates of income, wealth and property taxes on the owners of rented houses with annual rental income of rupees 6,3,2,1 and 0.5 lakhs in the financial year 1991-92 can be computed as follows:

Sl. No.	Particulars	Case A (Rs)	Case B (Rs)	Case C (Rs)	Case D (Rs)	Case E (Rs)
Computation of Property Tax						
1.	Gross rental income (GRI)	600000	300000	200000	100000	50000
2.	Deduction for maintenance: 10% of (1)	60000	30000	20000	10000	5000
3.	Rateable value of the house (RV):(1)-(2)	540000	270000	180000	90000	45000
4.	Property tax: 30% of RV (3)	162000	81000	54000	27000	13500
5.	Rebate for prompt payment:25% of (4)	40500	20250	13500	6750	3375
6.	Net property tax: (4)-(5)	121500	60750	40500	20250	10125
7.	Implicit effective rate of property tax on GRI (Per cent)	20.250	20.250	20.250	20.250	20.250
Computation of Wealth Tax						
8.	Rental income net of property tax:(1)-(6)	478500	239250	159500	79750	39875
9.	Deduction:15% of GRI (1)	90000	45000	30000	15000	7500
10.	Income base for computation of wealth tax: (8)-(9)	388500	194250	129500	64750	32375
11.	Net wealth: 12.5 times the base (10)	4856250	2428125	1618750	809375	404687
12.	Exemption under section 5(1A) of the Wealth Tax Act	500000	500000	500000	500000	404687
13.	Taxable net wealth: (11)-(12)	4356250	1928125	1118750	309375	0
14.	Wealth tax liability	60875	13031	4938	297	0
15.	Implicit effective rate of wealth tax on GRI (Per cent)	10.146	4.344	2.469	0.297	0
Computation of Income Tax						
16.	Deduction for repairs: 1/6th of (8)	79750	39875	26583	13292	6646
17.	Taxable income:(8)-(16)	398750	199375	132917	66458	33229
18.	Income tax on 17	176975	77287	44059	14183	2569
19.	Surcharge: 12% of (18)	21237	9275	5287	0	0
20.	Total income tax: (18)+(19)	198212	86562	49346	14183	2569
21.	Implicit effective rate of income tax on GRI (Per cent)	33.035	28.854	24.673	14.183	5.138
Combined Tax Liability						
22.	Combined tax liability (6)+(14)+(20)	380587	160343	94784	34730	12694
23.	Combined effective tax rate on GRI: 100 [(22)/(1)] (Per cent)	63.43	53.45	47.39	34.73	25.39

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