

2017 BUDGET HIGH LIGHTS

- ❖ **Individuals:** Taxable Income up to Rs. 2.5 lakhs - Nil, **Rs. 2.5 lakhs to Rs. 5 lakhs reduced from 10% to 5%** , Rs. 5 lakhs to Rs. 10 lakhs - 20%, Above Rs. 10 lakhs - 30%
- ❖ **Surcharge for Individuals:** Taxable Income between **Rs.50 lakhs to Rs.1 crore - 10%**, exceeding Rs.1 crore remains at 15%.
- ❖ **Small Companies** : Companies with annual turnover up to Rs. 50 crore - Income tax reduced to 25% from 30%

- ❖ **Tax Concessions for start up:** 3 year tax holiday in the first 7 years of existence, increased from 5 years
- ❖ **Presumptive Income:** For turnover up to Rs.2 crores, tax rate has been reduced to **6% of turnover** received by non-cash means, others to remain at 8% of turnover from the AY 2017-18
- ❖ **Maintenance of Books:** Turnover limit increased to **Rs. 25 lakhs** from Rs.10 lakhs for Individuals and HUF
- ❖ **Advance Tax for Professionals:** Requirement of payment reduced to **one instalment** from four presumptive basis with receipt up to Rs. 50 lakhs

- ❖ **Cash Expenditure:** Limit for Cash expenditure allowable as deduction reduced to **Rs. 10,000/-** from Rs. 20,000/- [Sec.40 A(3)]
- ❖ **Cash Transaction:** Transaction of Rs.3 lakhs or more from a single person in a day or in respect of single event is prohibited [Sec.269ST]. 100% penalty can be levied on amount paid [Sec.271DA].
- ❖ **Long Term Capital Gain:** Holding period for transfer of an immovable property, **reduced to 2 years** from 3 years
- ❖ **Indexation benefit:** Base year for indexation shifted from 1.4.1981 to **1.4.2001**
- ❖ **Joint Development Agreement:** Liability to pay capital gain tax will arise in the year the project is completed

- ❖ **Section 47** - Conversion of preference shares of a company into equity shares of that company shall not be regarded as transfer - cost of acquisition of capital asset being equity shares of the company deemed to be cost of preference shares
- ❖ **Affordable Housing Scheme** : Scheme base moved from Built up area to Carpet area - 30 sq.mtr in municipal limits of 4 Metro cities - rest of the country 60 sq.mtr
- ❖ **Real Estate Promoters** : Tax on Notional rental Income on unoccupied houses moved to one year from the end of the year in which completion certificate is received
- ❖ **Andhra Pradesh** : Capital Gains Tax exempt for persons holding land on 02nd June 2014, and used for land pooling

- ❖ TDS @ 5% to be deducted by individuals and HUF on rent paid in ***excess of Rs.50,000 per month*** - **Sec 194IB** (other than those persons mentioned in 194I)
- ❖ TDS @ 2% to be deducted in case of payments made to a person engaged only in the business of call centres - **Sec 194J**
- ❖ **No PAN - TCS** : Collector shall collect tax at a **higher of twice the rate** specified in the relevant provision of this Act, or at the rate of **five per cent**
- ❖ **Loss from House Property**: Set off of loss from house property against income under any other head during the current year is restricted up to **Rs. Two lakhs.**

- ❖ **Rebate u/s 87A:** Taxable Income for rebate reduced to Rs. 3.5 lakhs, Rebate reduced to Rs. 2500/
- ❖ Deduction on deposit in Pension Scheme notified by Central govt by an individual increased from 10% to 20% (Sec. 80CCD)
- ❖ Deduction on acquisition of listed equity shares or listed units of equity oriented funds withdrawn w.e.f from AY 2018-19 (Sec 80CCG)
- ❖ Limit of cash donation received by charitable trust reduced from Rs.10,000/- to Rs.2,000/-

❖ **Political Contribution:**

- Cash donation capped to Rs. 2,000/- from one person per year
- Entitled to receive donation by Cheque or Digital mode (ceiling of Rs.2000 will not apply)
- Proposal to issue Electoral bonds, redeemable only in designated account of a registered political party
- File return within time prescribed

❖ TDS on commission payable to individual insurance agents exempted if their income is below taxable limit

- ❖ **Revision of Return** : Time period reduced to 12 months from completion of Financial Year
- ❖ **Scrutiny Assessment** : Time for completion of scrutiny assessments reduced from 21 months **to 18 months** for AY 2018-19 and **to 12 months** for AY 2019-20.
- ❖ **Belated filing of Return**: Introduction of **Penalty of Rs.5,000/-** if the returns are filed after due date ***but on or before 31st December*** of the assessment year, **Rs. 10,000/-** for other cases,
- ❖ **MAT** : Carry forward of MAT credit increased to **15 years** from 10 years