

Budget Highlights 2015-16

A. Income tax slab – Individuals

Most expected item in this budget was the change in income tax slab which is not considered in this budget the present income tax slab which same as existing which as follows

Individual Tax payer (Below 60 Years)

Income Slab	Tax rate
Up to Rs.2.50 Lakhs	Nil
Rs. 2.50 Lakh to Rs.5 Lakhs	10%
Rs.5 Lakhs to Rs.10 Lakhs	20%
Above Rs. 10 Lakhs	30%

Individual Tax payer – Senior Citizens(above 60 years but below 80 Years)

Income Slab	Tax rate
Up to Rs.3.00 Lakhs	Nil
Rs. 3.00 Lakh to Rs.5 Lakhs	10%
Rs.5 Lakhs to Rs.10 Lakhs	20%
Above Rs. 10 Lakhs	30%

Individual tax payer – Very Senior Citizens (80 years and above)

Income Slab	Tax rate
Up to Rs.5.00 Lakhs	Nil
Rs.5 Lakhs to Rs.10 Lakhs	20%
Above Rs. 10 Lakhs	30%

B. Firms

It is proposed to levy a surcharge @12% on individuals, HUFs, AOPs, BOIs, artificial juridical persons, firms, cooperative societies and local authorities having income exceeding ` 1 crore.

However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

C. Companies

Surcharge in the case of domestic companies having income exceeding ` 1 crore and upto ` 10 crore is proposed to be levied @ 7% and surcharge @ 12% is proposed to be levied on domestic companies having income exceeding Rs. 10 crore.

It is further proposed that in the case of foreign companies the surcharge will continue to be levied @2% if the income exceeds ` 1 crore and is upto ` 10 crore, and @5% if the income exceeds Rs. 10 crore.

It is also proposed to levy a surcharge @12% as against current rate of 10% on additional income-tax payable by companies on distribution of dividends and buyback of shares, or by mutual funds and securitisation trusts on distribution of income.

D. Corporate tax

- It was announced that corporate tax rate will be gradually reduced from 30% to 25% over the period of 4 years, starting in April 2016.
- 2% surcharge was introduced on earnings above 10 crores.
- However, it was also announced that exemptions and incentives will also be removed.
- It was announced that donations made to Swachh Bharat Abhiyan and Clean Ganga plan under corporate social responsibility will get 100% deduction.
- Yoga trusts were classified as charitable trusts and given tax benefits.

E. DEDUCTIONS

I. Increase in the limit of deduction of Mediclaim

In view of continuous increase in medical expenditure, it is proposed to increase the limit of deduction under section 80D from Rs. 15,000 to Rs. 25,000. In case of senior citizens, the limit of deduction is proposed to be increased from Rs. 20,000 to Rs. 30,000.

As a welfare measure towards very senior citizens who are not covered under medical insurance, it is proposed to provide a deduction to the extent of any payment made on account of medical expenditure but restricted to Rs. 30,000 under section 80D.

The aggregate deduction available to any individual in respect of health insurance premium and the medical expenditure incurred would however be limited to Rs. 30,000..

The deduction limit of Rs. 60,000 towards expenditure on account of specified diseases of serious nature is proposed to be enhanced to Rs. 80,000 in case of very senior citizens

II. Clarification on investment in Sukanya Samriddhi Account Scheme under Section 80C

In order to promoter welfare of girl Child, Sukanya Samriddhi Account Scheme was launched as eligible instrument under Section 80C. further it is clarified that

the interest accruing on deposits in, and withdrawals from this account will be tax exempt.

III. Increase in limits of deduction under Section 80DD and 80U for disabled person

In view of the rising cost of medical care and special needs of a disabled person, it is proposed to amend section 80DD and section 80U so as to raise the limit of deduction in respect of a person with disability from Rs. 50,000 to Rs. 75,000. It is further proposed to raise the limit of deduction in respect of a person with severe disability from Rs. 1 lakh to Rs. 1.25 lakhs.

IV. Increase in limits of deduction under Section 80CCC and 80CCD

In order to promote social security, it is proposed to raise the limit of deduction for an amount paid or deposited for a contract for any annuity plan of LIC or any other insurer for receiving pension from a fund set up under a pension scheme, under section 80CCC from Rs. 1 lakh to Rs. 1.50 lakh.

With a view to encourage people to contribute towards National Pension Scheme, it is proposed that in addition to the limit of deduction under section 80CCD(1), an additional deduction in respect of any amount paid, of upto Rs. 50,000 for contributions made by any individual assessee under the NPS.

However, the overall limit of deductions under Section 80C, 80CCD and 80CCC cannot exceed Rs. 1.50 lakhs as per existing provisions of Section 80CCE

F. Service tax

- The service tax rate was raised from 12.36% to 14%.
- A Swachh Bharat cess was announced, under which 2% will be added on select services.
- The service tax exemption given to mutual fund agents was withdrawn.
- Lottery ticket sellers and chit fund agents were brought under the ambit of service tax.
- Varishta Bima Yojana for senior citizens was exempt from service tax.
- Pre-cooling, ripening, retail packing and labelling of vegetables and fruits were exempted from service tax.
- Ambulance services were exempted from service tax.

- Visits to music concerts, amusement and theme parks were brought under the ambit of service tax.
- Visits to museums, zoos, national parks, wildlife sanctuaries and tiger reserves were exempted service tax

G. Excise

- The education cess were subsumed from central excise duty. Instead, the central excise duty rates were rounded off from 12.36% to 12.5%.
- The clean energy cess was increased from 100 to 200 per tonne of coal.
- It was announced that the Goods and Services Tax is expected to be implemented by 1 April 2016.
- The excise duty on cigarettes was increased by 25%
- The excise on cut tobacco was raised from 60 to 70 per kg.
- The duty on plastic bags was increased from 12% to 18%.
- The duty on soft drinks and packaged water was increased from 12% to 18%
- On cement, it increased from 900 per tonne to 1,000 per tonne.
- The duty was removed from compounds used in the manufacture of incense sticks.
- Excise duty on leather footwear was reduced from 12% to 6%.
- The duty on locally manufactured mobile phones, LED/LCD panels, LED lights and lamps was reduced.
- The duty on ambulance chassis reduced from 24% to 12.5%.