

Budget Highlights 2016-17

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%

Surcharge has been increased from 12% to 15% if the income is more than Rs. 1 Crore Education cess & Secondary and higher education cess are remain same 2% and 1% respectively. The rebate relief u/s.87 limit has been increased from the existing limit of Rs.2000 to Rs.5000

National Pension Scheme : Withdrawal up to 40% of the corpus at the time of retirement to be tax exempt in the case of National Pension Scheme (NPS). Annuity fund which goes to legal heir will not be taxable.

Housing promotion & housing interest deduction: For promoting affordable housing, deduction for additional interest of Rs. 50,000 per annum for loans up to Rs. 35 lakh sanctioned in 2016-17 for first time home buyers, where house cost does not exceed Rs. 50 lakh. Also 100% deduction for profits to an undertaking in housing project for flats upto 30 sq. metres in four metro cities and 60 sq. metres in other cities approved during June 2016 to March 2019 and completed in three years. MAT to apply.

New start up companies: New Manufacturing companies which will be incorporated on or after 1.3.2016 to be given an option to be taxed at 25% plus surcharge and cess provided they do not claim profit linked or investment linked deductions and do not avail of investment allowance and accelerated depreciation.

100% deduction of profits for 3 out of 5 years for start ups set up during April, 2016 to March, 2019. MAT will apply in such cases.

Small companies: Lower the corporate tax rate for the next financial year for relatively small enterprises i.e companies with turnover not exceeding Rs. 5 crore (in the financial year ending March 2015), to 29% plus surcharge and cess.

Tax Collected at Source (TCS): Tax to be deducted at source at the rate of 1 % on purchase of luxury cars exceeding value of Rs.10 lakh and purchase of goods and services in cash exceeding Rs.2 lakh.

Dividend tax: Additional tax at the rate of 10% of gross amount of dividend will be payable by the recipients receiving dividend in excess of Rs. 10 lakh per annum.

TDS on non residents: For non-residents providing alternative documents to PAN card, higher TDS not to apply.

Increase in Turnover limit u/s.44AD: Under the presumptive taxation scheme under Section 44AD of the Income tax Act, the limit of turnover or gross receipts has been raised to Rs. 2 crore rupees from the existing Rs.1 crore rupees to benefit about 33 lakh MSME category business people.

New section of sec.44ADA: New section of 44ADA has been introduced to extend the presumptive tax scheme to professional having income from profession from Rs. 25 Lacs to Rs. 50 Lacs, with 50% as presumptive rate.

Advance Tax : Eligible assessee in respect of eligible business referred to in section 44AD opting for computation of profits or gains of business on presumptive basis, shall be required to pay advance tax of the whole amount in one instalment on or before the 15th March of the financial year.

Amendment in section 269SS and 269T of the Income tax Act so as to prohibit acceptance or repayment of advance in cash of Rs. 20,000 or more for any transaction in immovable property.

Deductions :

1. Investment in Sukanya Samriddhi Scheme will be eligible for deduction u/s 80C and any payment from the scheme shall not be liable to tax
2. Increase in the limit of deduction u/s 80D of the Income tax Act from Rs. 15,000 to Rs. 25,000 on health insurance premium (in case of senior citizen from Rs. 20,000 to Rs. 30,000)
3. Increase in the limit of deduction in case of very senior citizens u/s 80DD of the Income tax Act on expenditure on account of specified diseases from Rs. 60,000 to Rs. 80,000.
4. Increase the limit of deduction u/s 80DD of the Income tax Act in respect of maintenance, including medical treatment of a dependant who is a person with disability, from Rs. 50,000 to Rs. 75,000. It is also proposed to increase the limit of deduction from Rs. 1 lakh to Rs. 1.25 lakh in case of severe disability.
5. Increase in the limit of deduction u/s 80CCD of the Income tax Act on account of contribution by the employee to National Pension Scheme (NPS) from Rs. 1 lakh to Rs. 1.50 lakh. It is also proposed to provide a deduction of upto Rs. 50,000 over and above the limit of Rs. 1.50 lakh in respect of contributions made to NPS.
6. Increase in deduction u/s.80GG: Individual who is staying in rented premises and paying rent and unable to claim HRA exemption due to non employment or not getting HRA from the employer, can claim deduction under section 80GG up to the maximum limit of Rs. 24000/- per annum. This limit is increased to Rs.60000/- per annum.

Increase in TDS limits:

Section	Existing limit Rs.	New Limit Rs.
192A- payment to accumulated balances due to employee	30000	50000
194BB –Winnings from horse race	5000	10000
194C- Payment to Contractors	75000	100000
194LA- Payment of Compensation on acquisition of certain Immovable Property	200000	250000
194D-Insurance commission	20000	15000
194G-Commission on sale of lottery tickets	1000	15000
194H-Commission or brokerage	5000	15000