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Date: 07.03.2015

# HIGHLIGHTS OF FINANCE BUDGET 2015

**BY**

**CA VIMAL PUNMIYA**

This finance budget was introduce to achieve following objective of government which are

A. Measures to curb black money
B. Benefits to middle class taxpayers;
C. Good Governance
D. Job creation through revival of growth and investment and promotion of domestic manufacturing and 'Make in India';
E. Minimum government and maximum governance to improve the ease of doing business;
F. No retrospective effects,
G. Improving the quality of life and public health through Swachch Bharat initiatives; and
H. Stand alone proposals to maximize benefits to the economy.
I. Measures for having **Stable Tax Policy.**

To achieve these objects various proposals has been introduce in this budget. Quick review of these proposals:

## TAXPROPOSALS:

**Key Features of Budget 2015-2016 Presented in Lok Sabha by Finance Minister 2015-16:**

### INTRODUCTION

- Credibility of Indian economy has been re-established in the last nine months.
- Indian economy about to take-off on a fast growth trajectory.
- Most growth forecasts have upgraded Indian economic growth while downgrading global economic growth.
- Economically empowered States are equal partners to Indian economic growth.
- Round the clock, round the year Government to pursue accelerated growth, enhanced investment for the benefit of all Indians.
- After inheriting an economy with sentiments of "doom and gloom" with adverse macro-economic indicators, nine months have seen at turn around, making India fastest growing large economy in the World with a real GDP growth expected to be 7.4% (New Series).
- Stock market – Second best performing in 2014.
- Macro-economic stability and conditions for sustainable poverty alleviation, job creation and durable double digit economic growth have been achieved.
- Restored the trust of the people on the Government by delivering on different areas.

**Vision for "Team India" led by PM**

- Housing for all – 2 Crore houses in Urban areas and 4 crore houses in Rural areas.
- Basic facility of 24×7 power, clean drinking water, a toilet and road connectivity.
- At least one member has access to means for livelihood.
- Substantial reduction in poverty.
- Electrification of the remaining 20,000 villages including off-grid Solar Power- by 2020.
- Connecting each of the 1,78,000 un-connected habitation.
- Providing medical services in each village and city.
- Ensure a Senior Secondary School within 5 km reach of every child, while improving quality of education and learning outcomes.
- To strengthen rural economy – increase irrigated area, improve the efficiency of existing irrigation systems, and ensure value addition and reasonable price for farm produce.
- Ensure communication connectivity to all villages.
- To make India, the manufacturing hub of the World through Skill India and the Make in India Programmes.
- Encourage and grow the spirit of entrepreneurship – to turn youth into job creators.
- Development of Eastern and North Eastern regions on par with the rest of the country.

**TAX PROPOSAL:**
**DIRECT TAX:**

**A.** An individual with total income up to Rs.4,44,200 may not pay any tax by investing in various investment and insurance schemes.

| | |
|---|---|
| • Deduction u/s 80C | 1,50,000 |
| • Deduction u/s 80CCD | 50,000 |
| • Deduction on account of interest on house property loan (Self occupied property) | 2,00,000 |
| • Deduction u/s 80D on health insurance premium | 25,000 |
| • Exemption of transport allowance ` | 19,200 |
| Total | 4,44,200 |

**B.** Corporate tax to be reduced- Considering the scope of boosting job creations and spending, the government has decided to reduce corporate tax from 30 per cent to 25 per cent in the next four years.

**C.** Transportation Allowance increase from Rs. 800 to Rs. 1600 per month.

**D. CAPITAL GAINS:**

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent assessment years.

The existing provisions contained in clause (42A) of the said section provides the definition of the term "short-term capital asset". Explanation 1 of the said clause provides for determining the period for which the capital asset is held by the assessee.

It is proposed to amend the clause (i) of the said Explanation to provide that in the case of a capital asset, being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in clause (xviii) of section 47, **there shall be included the period for which the unit or units in the consolidating scheme of the mutual fund were held by the assessee.**

**E. Deductions limits of Chapter VI-A has increased:**

**(i) Amendment in Section 80C:**

It is proposed to amend sub section(2) and Section (4) provide that investment in Sukanya Samriddhi Scheme i.e. a sum paid or deposited during the year as a subscription in the name of any girl child will be eligible for deduction u/s 80C and any payment from the scheme shall not be liable to tax. This amendment will take effect prospectively from 1st April 2015 and will accordingly apply from A.Y. 2015-16.

**(ii) Amendment in Section 80CCC:**

It is proposed to amend sub section (1) on account of contribution to a pension fund of LIC or IRDA approved insurer from ` 1 lakh to ` 1.5 lakh.

**(iii) Amendment in Section 80CCD:**

It is proposed to omit sub section (1A) and insert new sub section (1B) which states as under: Contribution by the employee to National Pension Scheme (NPS) from ` 1 lakh to ` 1.50 lakh. It is also proposed to provide a deduction of upto ` 50,000 over and above the limit of ` 1.50 lakh in respect of contributions made to NPS.

Note: Over all limit provided in section 80CCE has increased from 1 lakh to ` 1.50 lakh.

**(iv) Amendment in Section 80D:**

It is proposed to increase the limit on Health Insurance Premium as follows:

| CATEGORY | OLD LIMIT | NEW LIMIT |
|---|---|---|
| Individual | 15,000/- | 25,000/- |
| Senior Citizen | 20,000/- | 30,000/- |

It is also proposed to allow deduction of expenditure of Rs. 30,000/- in case of a very senior citizen not eligible to take health insurance.

**(v) Amendment in Section 80DD:**

It is proposed to increase the limit of deduction in respect of maintenance, including medical treatment of a dependant who is a person with disability, from ` 50,000 to `75,000. It is also proposed to increase the limit of deduction from ` 1 lakh to `1.25 lakh in case of severe disability.

**(vi) Amendment in section 80DDB:**

The limit for deduction is proposed to be increased to Rs.80,000/-in respect of amount paid for medical treatment of very senior citizen.

**(vii) Amendment in Section 80G:**

**Applicable changes from 1st April 2015**

It is proposed to 100% deduction for contributions, other than by way of CSR contributions, to the Swachh Bharat Kosh. A similar tax treatment is also proposed for the Clean Ganga Fund.

**Applicable changes from 1st April 2016**

It is proposed to 100% deduction for contributions made to National Fund for Control of Drug Abuse.

**(viii) Amendment in Section 80JJA:**

To provide that tax benefit under the said section shall be available to a 'person' deriving profits from manufacture of goods in a factory and paying wages to new regular workmen. The eligibility threshold of minimum 100 workmen is proposed is to reduced to fifty.

**(ix) Amendment in Section 80U:**

It is proposed to increase the limit of deduction u/s 80U of the Incometax Act in case of a person with disability, from ` 50,000 to ` 75,000. It is also proposed to increase the limit of deduction from ` 1 lakh to `1.25 lakh in case of severe disability.

## F. AMENDMENT TO SECTION 115A:

With a view to obviate the problems faced by small companies and to facilitate the inflow of technology, it is proposed to amend the provisions of section 115A of the Income-tax Act so as to reduce the rate of tax on royalty and fees for technical services from 25% to 10%.

## G. AMENDMENT TO SECTION 2(15):

It is proposed to amend **clause (*15*)** of the aforesaid section to provide that the definition of charitable purpose shall include **"yoga"** as a separate category on the lines of education and medical relief.

EFFECT: It is proposed to amend the provisions of section 2(15) of the Income-tax Act so as to include 'yoga' as a specific category of activity in the definition of 'charitable purpose' and also to provide relief for activities in the nature of business undertaken by genuine charitable organizations subject to the condition that aggregate receipts from such activity is less than 20% of the total receipts.

## H. AMENDMENT TO SECTION 10(38):

It is also proposed to amend clause (38) of the said section to provide that any income in the nature of long term capital gain arising from transfer of units of a business trust which were acquired in consideration of exchange of shares of a special purpose vehicle and on which securities transaction tax has been paid shall not be included in the total income of the sponsor.

## I. AMENDEMENT TO SECTION 6:

| **BEFORE** | **AFTER** |
|---|---|
| Under the existing provisions contained in clause (3) of the aforesaid section, a company is said to be resident in India in any previous year, if—<br><br>it is an Indian company; or<br><br>(ii) during that year, the control and management | the said clause (3) to provide that a company shall be said to be resident in India, in any previous year, if—<br><br>it is an Indian company; or<br><br>**its place of effective** |

| | |
|---|---|
| of its affairs is situated wholly in India. | **management**, at any time in that year, is in India. |

It is also proposed to insert an Explanation to clarify the expression "**place of effective management**" to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.
This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent assessment years.

**J. AMENDMENT TO SECTION 92BA:**

Threshold for coverage under section 92BA under specified domestic transaction has been increased to Rs. 20 crores from Rs. 5 crores w.e.f. April 2016.

**K. AMENDMENT TO SECTION 255(3):**

As per subsection (3) of section 255, a Single Member Bench can dispose a case where the total income as computed by the AO does not exceed Rs.five hundred thousand. The section has been amended to raise this limit to dispose cases where income as computed by the AO does not exceed fifteen lacs w.e.f 1st June 2015.

**L. SECTION 9A:**

The Bill inserted a new section 9A in the Income-tax Act relating to certain activities not to constitute business connection in India.

*Clause (i) of sub-section (1) of section 9 provides a set of circumstances in which income is deemed to accrue or arise in India, directly or indirectly, and is taxable in India. Sub-section (1) of the proposed new section 9A seeks to provide that in the case of an eligible investment fund, any fund management activity carried through an eligible fund manager acting on behalf of such fund shall not constitute business connection in India of the said fund.*
*Sub-section (2) of the proposed new section seeks to provide that an eligible investment fund shall not be said to be resident for the purposes of section 6, merely because the eligible fund manager undertaking fund management activities on its behalf, is situated in India.*
*Sub-section (3) of the proposed new section seeks to provide that the eligible investment fund shall mean a fund, established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and certain conditions specified in the said sub-section.*
*Sub-section (4) of the proposed new section seeks to provide that the eligible fund manager in respect of an eligible investment fund shall mean any person who is engaged in the activity of fund management and fulfil certain conditions specified in the said subsection.*
*Sub-section (5) of the proposed new section seeks to provide that every eligible investment fund shall furnish a statement in respect of its activities during a financial year in the prescribed form, to the prescribed income-tax authority within ninety days from the end of the financial year.*
*Sub-section (6) of the proposed new section seeks to provide that no such income shall be excluded from the total income which would have been so included irrespective of whether the activity or the eligible fund manager constituted the business connection in India of such fund or not.*

*Sub-section (7) of the proposed new section seeks to provide that the scope of total income or determination of total income in the case of the eligible fund manager shall not be affected by anything contained in this section.*
*Sub-section (8) of the proposed new section seeks to define certain terms such as "associate", "connected person", "çorpus", "entity" and "specified regulations".*

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016- 17 and subsequent years.

**M.** **New section 192A** has been introduced:- As per the section the trustee of the Employee's Provident Fund Scheme,1952 framed under section 5 of the Employees' provident fund and Miscellaneous provisions act,1952 or any person authorised under the scheme to make payment of accumulated balance due to an employees shall in case where the accumulated balance due to an employee participating in a recognised provident fund is includible in his total income owing to the provisions of rule 8 of Part A of the Fourth Schedule not being applicable, at the time of payment of accumulated balance due to the employee, **deduct income-tax thereon at the rate of ten per cent.**

**Miscellaneous**

-Before sending notice u/s 148 i.e in case of re-opening Assistant Commissioner of Income Tax and Deputy Commissioner of Income Tax has to obtain prior approval of Joint Commissioner of Income Tax.

-Board had fixed monetary limits below which appeal shall not be filed in the Tribunal/Courts by the Department. As stated in the Instruction dated 17.8.2011, the present monetary limits are :
Rs.4 lakhs/Rs 10 lakhs/ Rs 25 lakhs respectively for appeal to be filed in the Tribunal/High Courts and the Supreme Court. Appeal is not required to be filed in cases below these monetary limits unless the dispute falls in the two exclusion category mentioned in para 3 of Instruction dated 17.8.2011.

-Amount of tax sought to be evaded for the purpose of penalty for concealment of income under clause 271(1)(c) w.r.t. Section 115JB/115JC
In order to calculate the amount of tax sought to be evaded on which penalty has to be levied, concealed income shall not be added to both i.e. the General Provision and the 115JC/115JC provision.

-Clarification regarding deduction of tax from payments made to transporters
Before introducing the said amendment, all assessees, irrespective of the size, claimed relief and would not deduct TDS on payments made to transporters.
Amendment:
Under Section 194C (6), in order to claim relief, following conditions to be satisfied:
Payment in nature of Transport Charges made to a contractor who is engaged in the business of transport and
Who is eligible to compute income as per the provisions of Section 44AE and
Who has also furnished a declaration to this effect alongwith his PAN
Applicable from 01.06.2015

-Revision of order that is erroneous in so far as it is prejudicial to the interest of Revenue
It is proposed to provide that an order passed by AO shall be deemed to be erroneous, if, in the opinion of the Principal Commissioner or Commissioner:
Order passed without making any enquiry
Order passed allowing relief without inquiring
Order not made in accordance with any direction or instruction issued by the Board
Order passed not in line with the decisions of Supreme Court and High Court

Then, direct AO to either modify it or cancel it and issue a fresh assessment order.

-Enabling of filing of Form 15G/15H for payment made under life insurance policy
To reduce the work load of the payer, the payee can now file a self-declaration for non deduction of TDS in the prescribed form.

**ABOLISHMENT OF WEALTH-TAX, INCREASE IN THE EXISTING SURCHARGE BY 2% (@12% IN TOTAL)**

It is proposed to abolish the levy of Wealth-tax with effect from 2016-17 (Assessment Year) for reducing the compliance burden on the tax payers. The revenue loss on account of such abolition is proposed to be compensated by increase in the existing surcharge by 2% in case of domestic companies and all non-corporate taxpayers.

**INDIRECT TAX:**

**EXCISE & SERVICE TAX:**

**Central Excise:**

***Rate***

Existing rate of 12% ad valorem will be @12.5% adv. from 01.03.2015 under the head CENVAT (Basic) duty. Levy of Primary Education Ccess and S&H Education Cess @ 2% and 1% respectively on the quantum of Cenvat (Basic) duty will be exempted from 01.03.2015. Other basic excise duty ad valorem with a few exceptions are not being changed.

***Procedural changes***

Daily Stock Account may be preserved in electronic from and every page of record shall be authenticated by means of a digital signature for which the Board may specify conditions, procedures etc., by Notification. [Rule 10 of Central Excise Rules, 2002 –sub-rule (4) & (5) inserted].
If goods are directly sent to a job worker, the invoice will show the name and address of the manufacturer- as buyer and the details of job worker as the consignee [Rule 11(2) – first proviso inserted. 2nd and 3rd proviso are related to registered dealer and importer respectively]. Such direct dispatch of inputs and capital goods to job worker without first bringing the articles to the manufacturer's factory is allowed subject to certain conditions.
In case of failure to furnish any return/statement in prescribed Format [ER-1 to ER-4 & ER-7 to ER-8, as applicable to an assessee] within the specified time limit, an amount @ Rs. 100/= per day subject to a maximum of Rs. 20,000/= for the period of delay in submission of each such return/statement will be required to be paid.
The expression 'export' employed in Rule 18 providing rebate of duty paid on export goods is substituted which means taking goods out of India to a place outside India and includes shipment of goods as provision or stores for use on board a ship proceeding to a foreign port or supplied to a foreign going aircraft.
Existing Central excise registrants who have not submitted information regarding e-mail address and mobile number shall submit an amendment application provided in the website www. aces.gov.in within three months from 01.03.2015. Similarly the existing registrants who have not submitted Business Transaction Numbers like BIN No, IEC No, State Sales tax/VAT No/CST No, CIN, Service Tax Registration No etc., which have been issued prior to the filing of Central Excise Registration application, shall file in the Form and for the numbers subsequently obtained for amendment in the same website and within the same time limit.

***Proposals involving changes in rates of duty:***

-Education Cess and Secondary & Higher Education Cess leviable on excisable goods are being fully exempted. Simultaneously, the standard ad valorem rate of duty of excise (i.e. CENVAT) is being increased from 12% to 12.5%.
-Duty of excise on "waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured" is being increased from 12% to 18%.
-Duty of excise on cigarettes is being increased by 25% for cigarettes of length not exceeding 65 mm and by 15% for cigarettes of other lengths.
-Excise duty on cut tobacco is being increased from `60 per kg to `70 per kg.

-The effective rates of the Additional Duty of Excise levied on Petrol and High Speed Diesel Oil is being increased from `2 per litre to `6 per litre only. Education Cess and Secondary & Higher Education Cess is exempted.

**SERVICE TAX:**

**Rate**

Levy of existing rate of service tax 12% is being increased to 14% from such date that will be appointed by the Centrat Govt. by Notification. Thus, the net effect in the rate will be from 12.36% (inclusive Cesses) to 14%, subsuming the Cesses. The Cesses will continue to be levied in service tax till the time the revised rate comes into effect.
In addition, a new levy termed as “Swachh Bharat Cess” shall be introduced as “Service Tax” @2% on the taxable value from a date to be notified by the Ministry. Thus the net effect in the rate will be 16% on the value of taxable services.

**Valuation**

Any reimbursable expenditure or cost incurred by the service provider and charged, except in some circumstances and subject to conditions, that may be prescribed – would form part of value of taxable service.

**Penalties**

Various penal provisions are amended and will be effected on enactment of the Finance Bill. Waiver of penalties in cases where assessee has been able to prove that there was reasonable clause in non-paid/short paid tax as provided under Section 80 of the Finance Act, 1994, shall be omitted.

In respect to services provided by way of supply of man power for any purpose or security services, liability for paying service tax is vested on the service recipient to the extent of 100% on and from 01.04.2015 instead of existing liability of 25% and 75% on the categorized

**Swachh Bharat Cess**

Impose a Swachh Bharat Cess on all or any of the taxable services at the rate of 2% on the value of such taxable services.

**New Exemptions in Service Tax**

-Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables is being exempted.
-Service provided by a Common Effluent Treatment Plant operator for treatment of effluent is being exempted.
-Life insurance service provided by way of Varishtha Pension Bima Yojna is being exempted.
-Service provided by way of exhibition of movie by the exhibitor (theatre owner) to the distributor or association of persons consisting of such exhibitor as one of it’s members is being exempted.
-Hitherto, any service provided by way of transportation of a patient to and from a clinical establishment by a clinical establishment is exempt from service tax. The scope of this exemption is being widened to include all ambulance services.
-Service provided by way of admission to a museum, zoo, national park, wild life sanctuary, and a tiger reserve is being exempted.
-Goods transport agency service provided for transport of export goods by road from the place of removal to an inland container depot, a container freight station, a port or airport is exempt from service tax vide notification No. 31/12-ST dated 20.6.2012. Scope of this exemption is being widened to exempt such services when provided for transport of export goods by road from the place of removal to a land customs station (LCS). [All the above New Exemptions shall come into effect from the 1st day of April, 2015]

**Rationalization of Abatement**

-A uniform abatement is now being prescribed for transport by rail, road and vessel. Service Tax shall be payable on 30% of the value of such services subject to a uniform condition of non-availment of Cenvat Credit on inputs, capital goods and input services.
-The abatement for classes other than economy is being reduced and service tax would be payable on 60% of the value of such higher classes.
-Abatement is being withdrawn from chit fund service. Consequently, Service Tax shall be paid by the chit fund foremen at full consideration received by way of fee, commission or any such amount. They would be entitled to take Cenvat Credit.

**Reverse Charge Mechanism**

Manpower supply and security services when provided by an individual, HUF, or partnership firm to a body corporate are being brought to full reverse charge. Presently, these are taxed under partial reverse charge mechanism.

**Cenvat Credit**

Time limit for return of processed Cenvat credit availed capital goods has been extended from 180 days to 2 years of their being sent to job worker.

Conditions for allowing Cenvat credit in respect of "input service" will be changed from 04.2015 as follows:

(i) In case where the whole or part of the service tax is liable to be paid by the service recipient on full or partial reverse charge mechanism, credit is allowed after the tax is paid;

(ii) (ii) In case the value of input service and the service tax as indicated in the documents specified under Rule 4A of the Service Tax Rules, 1994 is not made within 3 months from the date of such documents but taken credit, an assessee shall pay the exact amount of credit availed except an amount equal to the credit of tax that is paid by the manufacturer/service provider being service receiver.

(iii) (iii) The restriction in taking credit of duties of excise paid on 'inputs' and 'capital goods' as also service tax paid on 'input service' within 6 months of the date of issue of specified documents has been extended to One (1) Year;

Refund of Cenvat credit of exported goods to a manufacturer has been made subject to condition that the export goods are to be taken out of India to a place outside India. [Rule 5 – clause (1A) inserted].

The barring/prohibitory conditions enumerated under Rule 6 have further been restricted by making inclusion of non-excisable goods cleared for a consideration from the factory. Even if such non-excisable goods have no commercial consideration i.e. sale value, such value shall be determined by using reasonable means consistent with the principles of valuation contained in the Act and the Rules made there under.

The conditions of allowing Cenvat credit of duty on input or capital goods purchased from a first and second stage registered dealer set forth in Rule 9(4), shall be equally applied in case of goods purchased from an 'importer'.

Recovery of irregular Cenvat credit taken and penal provisions have been amended.

**The following table shows a clear vision of what product got costlier and what got cheaper:**

| EXPENSIVE | CHEAPER |
|---|---|
| Cigarettes, cigars, cheroots and other tobacco products | Solar Water Heater |
| Stay in hotels, credit and debit card related services | Peacemakers, ambulance and ambulance services |
| Eating out at restaurants, visiting beauty parlours, cable and DTH services, courier service, dry cleaning of clothes | Leather footwear |
| Stock broking | Agarbattis |
| Cement, Plastic bags and sacks | Microwave, Ovens |
| Visit to amusement parks and theme parks | Visit to national parks, zoos and museums |
| Packaged water, Aerated and flavoured drinks | Packaged food and vegetables, Peanut Butter |
| Music Concerts | Refrigerator compressors |
| Liquor | LCD/LED Panels |
| Completely Imported Vehicles | Tablet computers |
| Lottery | Locally made mobile phones |
| Chit funds | LED Lights and lamps |

**SHORT SUMMARY:**

**FAVOURABLE POINTS:**

- Efforts has been put towards introduction of Stable tax policy
- To ensure employment to youth, aim is to make India the manufacturing hub of the world.
- Fund the unfunded. Bank the unbanked.

<table>
<tr><th><u>S.No.</u></th><th><u>Favourable</u></th></tr>
<tr><td>1.</td><td>An individual with total income up to Rs. 4,44,200 may not pay any tax by investing in various investment and insurance schemes.
<table>
<tr><th></th><th>Below 60 years</th><th>Between 60 to 80 years</th><th>Above 80 years</th></tr>
<tr><td>Basic Exemption Limit</td><td>2,50,000</td><td>3,00,000</td><td>5,00,000</td></tr>
<tr><td>80C Deduction</td><td>1,50,000</td><td>1,50,000</td><td>1,50,000</td></tr>
<tr><td>Medical Insurance Premium</td><td>25,000</td><td>30,000</td><td>30,0000</td></tr>
<tr><td>Medical Expenses</td><td>-</td><td>-</td><td>80,000</td></tr>
<tr><td>Transport Allowance</td><td>19,200</td><td>19,200</td><td>19,200</td></tr>
<tr><td>TOTAL</td><td>4,44,200</td><td>4,99,200</td><td>7,79,200</td></tr>
</table></td></tr>
<tr><td>2.</td><td>Corporate tax to be reduced- Considering the scope of boosting job creations and spending, the government has decided to reduce corporate tax from 30 per cent to 25 per cent in the next four years.</td></tr>
<tr><td>3.</td><td>Increase in Health Insurance premium (Section 80C)
<table>
<tr><td>For Others</td><td>Rs.15,000/-</td><td>Rs.25,000/-</td></tr>
<tr><td>For Senior Citizens</td><td>Rs.10,000/-</td><td>Rs.30,000/-</td></tr>
<tr><td>For very Senior Citizens</td><td></td><td>For expenditure made during the year allowed upto Rs.30,000/-</td></tr>
</table></td></tr>
<tr><td>4.</td><td>Additional deduction of Rs.50,000/- if contribution to New Pension Scheme</td></tr>
<tr><td>5.</td><td>Sukanya Samriddhi Yojana for promoting a girl child will also be allowed as deduction under section 80C. {Including interest payments}</td></tr>
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<tr><td>7.</td><td>New Law for Black Money:<br>Imprisonment upto 10 years<br>Penalty of 300% of Asset Value<br>No Exemptions available</td></tr>
<tr><td>8.</td><td>The limit for deduction on specified diseases for very Senior Citizen increased from Rs.60,000/- to Rs.80,000/- u/s 80DDB.</td></tr>
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| | |
|---|---|
| | consideration of exchange of shares of a special purpose vehicle and on which securities transaction tax has been paid shall not be included in the total income of the sponsor. |
| 11. | With effect from 01.04.2016, Clause (3) of Section 6 will be amended to provide that a company shall be said to be resident in India, in any previous year, if—<br>it is an Indian company; or<br>its place of effective management, at any time in that year, is in India. |
| 12. | Threshold for coverage under section 92BA under specified domestic transaction has increased from Rs. 5 crores to Rs. 20 crores with effect from April 2016. |
| 13. | Propose to introduce Tax Free Bonds in projects of Rail, Road and Infrastructure. |
| 14. | Wealth Tax act is abolished. This will save the cost as well as headache to assessee. Now he has to concentrate on only Income Tax. It is best decision because wealth tax is one type of double tax which is against the principal of taxation. Because wealth is created after payment of tax. |
| 15. | Prohibit acceptance of cash above 20000 in case of Immovable Property to curb the black money. Therefore, provision of section 269SS & 269T amended. Penalty of same amount is also introduced. This will reduce the black money and back dated transaction. Due to this provision of 50C will became more stronger. |
| 16. | Pass through status to all the subcategories of category-I and also to category-II Alternative Investment Funds (AIFs) governed by the regulations of Securities and Exchange Board of India (SEBI). Due to this cascading effect of tax will reduce and people will encourage to make investment in these entity. |
| 17. | Fund managers of offshore funds reside in india, cannot be treat as permanent establishment in india. So fund manager will stay in india and generate more funds from india and enjoy hussel free tax proposals. |
| 18. | Additional investment allowance (@15%) and additional depreciation (@15%) to new manufacturing units set-up during the period 01.04.2015 to 31.03.2020 in notified areas of Andhra Pradesh and Telangana. This will lead to boom in these newly structured state |
| 19. | Reduced rate of tax at 5% u/s 194LD in respect of income of foreign investors extended for 1 more year. This will generate more funds for india. |
| 20. | With a view to obviate the problems faced by small companies and to facilitate the inflow of technology, it is proposed to amend the provisions of section 115A of the Income-tax Act so as to reduce the rate of tax on royalty and fees for technical services from 25% to 10%. |
| 21. | Additional Depreciation of 20% to Manufacturing Unit or a unit engaged in generation and distribution of power. (Rate of 10% if install after 30th Sep. & rest 10% in next year. It will lead to boom in Manufacturing and one step for achiving "MAKE IN INDIA". |
| 22. | **General Anti Avoidance Rule (GAAR)**<br>The implementation of General Anti Avoidance Rule (GAAR) is proposed to be deferred by two years. Accordingly, it would be applicable for the financial year 2017-18 (A.Y. 2018-19) and subsequent years. Further, it is also proposed that the investments made upto 31.03.2017 shall not be subject to GAAR. |
| 23. | Yoga Cover under Charitable Activity u/s 2(15), but for exemption total receipt of this object will be less than 20% of total receipt. |
| 24. | Core Settlement Guarantee Fund established by Clearing Corporations as per mandate of SEBI is exempt from tax. |
| 25. | **Monetising Cold**<br>Gold monetisation scheme to allow the depositors of gold to earn interest in their metal accounts and the jewellers to obtain loans in their metal account to be introduced.<br>Sovereign Gold Bond, as an alternative to purchasing metal gold scheme to be developed.<br>Commence work on developing an Indian gold coin, which will carry the Ashok Chakra on its face. |
| 26. | As per subsection (3) of section 255, a Single Member Bench can dispose a case where the total income as computed by the AO does not exceed Rs.five hundred thousand. The section has been amended to raise this limit to dispose cases where income as computed by the AO does not exceed fifteen lacs w.e.f 1st June 2015. Upto 15 Lac Case will be heard by Single Member Bench of ITAT. This will lead to fast disposal of cases, because number of benches will increases. |
| 27. | **MEASURES TO CURB BLACK MONEY**<br>Mode of taking or accepting certain loans, deposits and specified sums and mode of repayment of loans or deposits and specified advances The existing provisions contained in section 269SS of the Income-tax Act provide that no person shall take from any person any loan or deposit otherwise than by an account payee cheque or account payee bank |

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| | draft or online transfer through a bank account, if the amount of such loan or deposit is twenty thousand rupees or more. However, certain exceptions have been provided in the section.<br>Similarly, the existing provisions contained in section 269T of the Income-tax Act provide that any loan or deposit shall not be repaid, otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, by the persons specified in the section if the amount of loan or deposit is twenty thousand rupees or more.<br>In order to curb generation of black money by way of dealings in cash in immovable property transactions it is **proposed to amend section 269SS**, of the Income-tax Act so as to provide that no person shall accept from any person any loan or deposit or any sum of money, whether as advance or otherwise, in relation to transfer of an immovable property otherwise than by an account payee cheque or account payee bank draft or by electronic clearing system through a bank account, if the amount of such loan or deposit or such specified sum is twenty thousand rupees or more.<br>It is also proposed to **amend section 269T** of the Income-tax Act so as to provide that no person shall repay any loan or deposit made with it or any specified advance received by it, otherwise than by an account payee cheque or account payee bank draft or by electronic clearing system through a bank account, if the amount or aggregate amount of loans or deposits or specified advances is twenty thousand rupees or more. The specified advance shall mean any sum of money in the nature of an advance, by whatever name called, in relation to transfer of an immovable property whether or not the transfer takes place.<br>It is further **proposed to make consequential amendments** in section 271D and section 271E to provide penalty for failure to comply with the amended provisions of section 269SS and 269T, respectively. These amendments will take effect from 1st day of June, 2015. |
| 28. | Before sending notice u/s 148 i.e. in case of re-opening Assistant Commissioner of Incor Tax and Deputy Commissioner of Income Tax has to obtain prior approval of Joi Commissioner of Income Tax. |
| 29. | Board had fixed monetary limits below which appeal shall not be filed in the Tribunal/Courts by the Department. As stated in the Instruction dated 17.8.2011, the present monetary limits are :<br>Rs 5 lakhs/Rs 10 lakhs/ Rs 25 lakhs respectively for appeal to be filed in the Tribunal/High Courts and the Supreme Court. Appeal is not required to be filed in cases below these monetary limits unless the dispute falls in the two exclusion category mentioned in para 3 of Instruction dated 17.8.2011. |
| 30. | **From Jan Dhan to Jan Suraksha**<br>Government to work towards creating a functional social security system for all Indians, specially the poor and the under-privileged.<br>Pradhan Mantri Suraksha Bima Yojna to cover accidental death risk of `2 Lakh for a premium of just `12 per year.<br>Atal Pension Yojana to provide a defined pension, depending on the contribution and the period of contribution. Government to contribute 50% of the beneficiaries' premium limited to `1,000 each year, for five years, in the new accounts opened before 31st December 2015.<br>Pradhan Mantri Jeevan Jyoti Bima Yojana to cover both natural and accidental death risk of `2 lakh at premium of `330 per year for the age group of 18-50.<br>A new scheme for providing Physical Aids and Assisted Living Devices for senior citizens, living below the poeverty line.<br>Unclaimed deposits of about `3,000 crores in the PPF, and approximately `6,000 crores in the EPF corpus. The amounts to be appropriated to a corpus, which will be used to subsidize the premiums on these social security schemes through creation of a Senior Citizen Welfare Fund in the Finance Bill.<br>Government committed to the on-going schemes for welfare of SCs, STs and Women. |
| 31. | **Infrastructure**<br>Sharp increase in outlays of roads and railways. Capital expenditure of public sector units to also go up.<br>National Investment and Infrastructure Fund (NIIF), to be established with an annual flow of `20,000 crores to it.<br>Tax free infrastructure bonds for the projects in the rail, road and irrigation sectors.<br>PPP mode of infrastructure development to be revisited and revitalised. And government to bear majority of the risk.<br>Atal Innovation Mission (AIM) to be established in NITI to provide Innovation Promotion Platform involving academicians, and drawing upon national and international |

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| | experiences to foster a culture of innovation , research and development. A sum of `150 crore will be earmarked.<br>Concerns of IT industries for a more liberal system of raising global capital, incubation facilities in our Centres of Excellence, funding for seed capital and growth, and ease of Doing Business etc. would be addressed for creating hundreds of billion dollars in<br>(SETU) Self-Employment and Talent Utilization) to be established as Techno-financial, incubation and facilitation programme to support all aspects of start-up business. `1000 crore to be set aside as initial amount in NITI.<br>Ports in public sector will be encouraged, to corporatize, and become companies under the Companies Act to attract investment and leverage the huge land resources.<br>An expert committee to examine the possibility and prepare a draft legislation where the need for multiple prior permission can be replaced by a pre-existing regulatory This will facilitate India becoming an investment destination.<br>5 new Ultra Mega Power Projects, each of 4000 MW, in the Plug-and-Play mode. |
| 32. | **Financial Market**<br>Public Debt Management Agency (PDMA) bringing both external and domestic borrowings under one roof to be set up this year.<br>Enabling legislation, amending the Government Securities Act and the RBI Act included in the Finance Bill, 2015.<br>Forward Markets commission to be merged with SEBI.<br>Section-6 of FEMA to be amended through Finance Bill to provide control on capital flows as equity will be exercised by Government in consultation with RBI.<br>Proposal to create a Task Force to establish sector-neutral financial redressal agency that will address grievance against all financial service providers.<br>India Financial Code to be introduced soon in Parliament for consideration. |
| 33. | **Investment**<br>Foreign investments in Alternate Investment Funds to be allowed.<br>Distinction between different types of foreign investments, especially between foreign portfolio investments and foreign direct investments to be done away with. Replacement with composite caps.<br>A project development company to facilitate setting up manufacturing hubs in CMLV countries, namely, Cambodia, Myanmar, Laos and Vietnam. |
| 34. | **Monetising Gold**<br>Gold monetisation scheme to allow the depositors of gold to earn interest in their metal accounts and the jewellers to obtain loans in their metal account to be introduced.<br>Sovereign Gold Bond, as an alternative to purchasing metal gold scheme to be developed.<br>Commence work on developing an Indian gold coin, which will carry the Ashok Chakra on its face. |
| 35. | **GIFT city**<br>GIFT city aspires to cater to India's large financial services potential by offering global firms a world-class infrastructure and facilities. It aims to attract the top talent in the country by providing the finest quality of life all with integrated townships, IFSC and multi speciality special economic zone (SEZ). The site is 12 KM from the Ahmedabad International Airport and 8 KM from Gandhinagar. |
| 36. | **Safe India**<br>1,000 crores to the Nirbhaya Fund. |
| 37. | **Tourism**<br>Resources to be provided to start work along landscape restoration, signage and interpretation centres, parking, access for the differently abled , visitors' amenities, including securities and toilets, illumination and plans for benefiting communities around them at various heritage sites.<br>Visas on arrival to be increased to 150 countries in stages. |
| 38. | **Green India**<br>Target of renewable energy capacity revised to 175000 MW till 2022, comprising 100000 MW Solar, 60000 MW Wind, 10000 MW Biomass and 5000 MW Small<br>A need for procurement law to contain malfeasance in public procurement.<br>Proposal to introduce a public Contracts (resolution of disputes) Bill to streamline the institutional arrangements for resolution of such disputes.<br>Proposal to introduce a regulatory reform Bill that will bring about a cogency of approach across various sectors of infrastructure. |
| 39. | **Welfare schemes**<br>GST and JAM trinity (Jan Dhan Yojana, Aadhaar and Mobile) to improve quality of life |

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| | and to pass benefits to common man.<br>Govt. to create universal social security system for all Indians. |

## UNFAVOURABLE POINTS:

| ***S.No.*** | ***Unfavourable*** |
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| 1. | Basic Exemption of Tax Rate not increases whereas corporate tax rate is reduced. It is injustice to “Aam Aadmi”. |
| 2. | Surcharge Rate is increase only for Indians and domestic company. Foreign companies a excluded from the increase of 2%.<br>Rate of 12% will also apply to DDT. |
| 3. | Under a JDA, significant uncertainty exists on the point of accrual of capital gains in th hands of the land owner. No change has been introduce in section 2(47) |
| 4. | No change or clarification in section 43CA due to which developers are thus required to pa taxes on notional difference, being the amount they have not actually earned/received; |
| 5. | PAN compulsory for purchasing more than 100000.<br>These will lead to extra maintenance of documentation<br>to the tax payers and also increase the cost. |
| 6. | MAT relief to only FFI if their income from capital gains<br>on transactions in securities which are liable to tax at a<br>lower rate. Then said gain will not subject to MAT. |
| 7. | Existing rate of 12% ad valorem will be @12.5% adv. from 01.03.2015 under the hea CENVAT (Basic) duty. Levy of Primary Education Ccess and S&H Education Cess @ 2% ar 1% respectively on the quantum of Cenvat (Basic) duty will be exempted fro 01.03.2015. Other basic excise duty ad valorem with a few exceptions are not bein changed. |
| 8. | Levy of existing rate of service tax 12% is being increased to 14% from such date that will b appointed by the Centrat Govt. by Notification. Thus, the net effect in the rate will be fro 12.36% (inclusive Cesses) to 14%, subsuming the Cesses. The Cesses will continue to b levied in service tax till the time the revised rate comes into effect. |

**Finally this is the BUDGET FOR GROWTH , BUDGET FOR COMPETITIVENESS**

**Direct tax proposals to result in revenue loss of ` 8315 crore, whereas the proposals in indirect taxes are expected to yield ` 23383 crore. Thus, the net impact of all tax proposals would be revenue gain of `15068 crore.**