



All You
Need to
Know

16

BUDGET

Income Tax

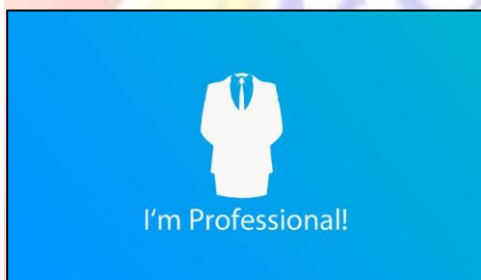


Tax **rebate** under section 87A - Increased from Rs. 2000 to **Rs. 5000**

Deduction under section 80GG - Increased from Rs. 24000 per annum to **Rs. 60000** per annum

Presumptive Taxation Scheme under section 44AD - Turnover

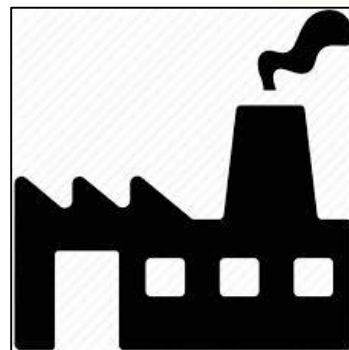
Limit increased from Rs. 1 crore to **Rs. 2 crores**



Presumptive Taxation Scheme for Professionals -

Extended the presumptive taxation scheme with **profit deemed to be 50%** to professionals with gross receipts up to **Rs. 50 lakhs**

Corporate tax for New Manufacturing Companies - 25% + surcharge and cess, if the new manufacturing companies incorporated on or after 1.3.2016, provided they do not claim profit linked or investment linked deductions and do not avail of investment allowance and accelerated depreciation





Corporate Tax for Small Companies - 29% plus surcharge and cess for the next financial year for companies with turnover not exceeding Rs. 5 crore in the financial year ending March 2015

Deduction for Startups - 100% deduction of profits for **3 out of 5 years** for startups setup during April, 2016 to March, 2019. *MAT will apply*



Tax on withdrawal - Withdrawal up to **40%** of the corpus at the time of retirement to be tax exempt in the case of **National Pension Scheme (NPS)**, Superannuation Funds and **Recognized Provident Funds** (including EPF) in respect of corpus created out of contributions made on or from 1.4.2016

Deduction for additional interest on Home Loans - Rs. 50,000 per annum for **loans up to Rs. 35 lakh** sanctioned in 2016-17 for first time home buyers, where **house cost \leq Rs. 50 lakhs**





Tax on dividend received - 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

Increase in Surcharge - Surcharge to be raised from **12%** to **15%** on persons, other than companies, firms and cooperative societies having **income above Rs. 1 crore**

TDS on Luxury Cars - Tax to be deducted at source @ **1 %** on purchase of **luxury cars** exceeding value of **Rs. 10 lakhs** and purchase of goods and services in **cash** exceeding **Rs. 2 lakhs**



Declaration of undisclosed income - Domestic taxpayers can declare undisclosed income / such income represented in the form of any asset by paying tax @ **30%** plus surcharge @ **7.5%** plus penalty @ **7.5%**

New Dispute Resolution Scheme - No penalty in respect of cases with **disputed tax up to Rs. 10 lakh**. Cases with disputed tax exceeding **Rs. 10 lakh** to be subjected to **25%** of the minimum of the imposable penalty





Penalty rates to be 50% of tax in case of underreporting of income and 200% of tax where there is misreporting of facts

UNION BUDGET 2016-2017



Krishi Kalyan Cess, @ 0.5% on all taxable services, w.e.f. **1st June 2016**. Proceeds would be exclusively used for financing initiatives for improvement of agriculture and welfare of farmers. So the effective service tax rate will be **15%**



Infrastructure cess of 1% on small petrol, LPG, CNG cars, 2.5% on diesel cars of certain capacity and 4% on other higher engine capacity vehicles and SUVs. No credit of this cess will be available

Excise duty of 1% without input tax credit or **12.5%** with input tax credit' on articles of **jewellery** [excluding silver jewellery, other than studded with diamonds and some other precious stones], with a higher exemption and eligibility limits of Rs. 6 crores and Rs. 12 crores respectively





Excise on readymade garments with retail price of Rs. 1000 or more raised to 2% without input tax credit or 12.5% with input tax credit

Excise duties on various tobacco products raised by about 10 to 15%



products other than beedi

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2016-2017