

## Budget Highlights - Direct taxes

### Tax Rates

- Income Tax rates remain the same for individuals and corporates for the FY 2015-16. Corporate taxes are proposed to be reduced from the existing rate of 30% to 25% over the next 4 years

### Non Corporate Assesses

Assesses less than 60 years

FY 2015-16	Tax rate
0-250,000	Nil
250,001-500,000*	10%
500,001-1,000,000	20%
1,000,000+	30%

- For senior citizen assesses 60 years or more but less than 80 years

FY 2015-16	Tax rate
0-300,000	Nil
300,001-500,000*	10%
500,001-1,000,000	20%
1,000,000+	30%

- Senior citizen assesses > 80 years

FY 2015-16	Tax rate
0-500,000	Nil
500,001-1,000,000	20%
1,000,000+	30%

### Surcharge

Txbl Income	FY	FY
	2014-15	2015-16
<10,000,000	0	0
>10,000,000	10%	12%

### Corporate Assesses

#### Domestic Companies

Taxable Income	FY	FY
	2014-15	2015-16

Tax Rate	30%	30%
----------	-----	-----

#### Surcharge :

<10,000,000	0	0
>10,000,000 and <100,000,000	5%	7%
>100,000,000	10%	12%

#### Foreign Companies

Taxable Income	FY	FY
	2014-15	2015-16

Tax Rate	40%	40%
----------	-----	-----

#### Surcharge :

<10,000,000	0	0
-------------	---	---

>10,000,000 and <100,000,000	2%	2%
>100,000,000	5%	5%

### Individuals

Section	Applicability	FY 2014-15	FY 2015-16
	Transport Allowance	Rs 800 per month	Rs 1600 per month
80C	SukanyaSamriddhi Scheme – Investments made by parent or guardian	Nil	New
80D	Non senior citizen	15000 – Premium	25000
	Senior Citizen	20000 – Premium	30000
	Very Senior Citizen not eligible for insurance	Nil	30000 ( Expenditure )
80DDB	Very Senior Citizens – Specified diseases * ( in the speech )	60000	80000
80DD	Maintenance, including medical treatment of a dependant who is a person with disability	50000	75000
	Severe disability	100000	125000
80U	Person with disability	50000	75000
	Severe disability	100000	125000
80CCC	Contribution to a pension fund of LIC or IRDA approved insurer	100000	150000

80CCD	Contribution by the employee to National Pension Scheme (NPS)  Deduction of uptoRs 50,000 over and above the limit of Rs 1.50 lakh in respect of contributions made to NPS	100000	150000
80G	Swachh Bharat Kosh  Clean Ganga Fund  National Fund for Control of Drug Abuse	Nil	100%

### **Tax deductions referred to in Budget**

Deduction u/s 80C	1,50,000
Deduction u/s 80CCD	50,000
Interest on Self Occupied property	2,00,000
80D Insurance premium	25,000
Transport allowance	19,200
<b>Total</b>	<b>4,44,200</b>

### **Residential Status**

Sec 6 A Company is considered as resident in India if its place of effective management (POEM), at anytime in that year, is in India

The term 'PoEM' has been explained 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.

### **Value substantially from the assets in India**

Section 9 (1)(i)(A) the term substantially from the assets located in India would mean the following:

1. Excess of Rs. 1 Crore and
2. Represents at least 50% of the value of all the assets owned by the entity

### **Domestic Transfer Pricing**

Section 92BA -increase the threshold limit for applicability of transfer pricing regulations to specified domestic transactions from Rs 5 crore to Rs 20 crore

### **GAAR**

Defer applicability of General Anti Avoidance Rule (GAAR) by 2 years

## **2(15) of Income tax act**

‘Yoga’ included 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

## **Additional depreciation on P & M**

Additional depreciation @ 20% is allowed on new plant and machinery installed by a manufacturing unit or a unit engaged in generation and distribution of power.

If the asset is installed after 30th September of the previous year only 10% of the additional depreciation was allowed. **Now the remaining 10% of the additional depreciation will be allowed in the subsequent previous year.**

## **Tax Deduction at Source**

Sec 194 C :Transport operators exemption from TDS is only where the operator has 10 or less than 10 goods carriages ( Pan to be provided )

Sec 192 A :EPF Trustees while paying the accumulated PF balance should deduct 10% TDS ( for payments of Rs 30000 or more )

Sec 192 :The person responsible for making the payment of salary has to obtain from the assessee the evidence or proof or particulars of prescribed claims (including claim for set-off of loss).

Sec 194I :Payment of Rent to Real Estate Investment Trust (REIT) is exempt from TDS

194LBA and LBB : TDS to be deducted at 10% by the business trust/Investment Fund on payments to its unit holders

Sec 195 : Details of international payments ( whether tax is applicable or not ) to be disclosed in the return filed

## **Restrictions on Cash Transactions**

Section 269SS and 269T of the Income-tax Act - prohibit acceptance or re-payment of advance in cash of Rs 20,000 or more for any transaction **in immovable property**

## **Tax on Royalty and Technical Services**

Sec 115A :Income of the non-resident by way of Royalty or Fees for technical services - the tax rate is reduced from 25% to 10%.

## **State of AP**

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

## **80JJAA deduction**

All manufacturing units are covered , 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 reduced to fifty

### **Minimum Alternate Tax**

Income from AOP and its corresponding Expense is outside the ambit of MAT.

Also the amount of income and its corresponding cost from transactions in securities accruing or arising to an FII who has invested in such securities in accordance with the regulations made by SEBI

### **Administration**

Section 255 of the Income-tax Act- increase the monetary limit from Rs 5 lakh to Rs 15 lakh, for a case to be heard by a Single Member Bench of the ITAT.

### **Requirement for TAN**

An individual buying an immovable property from a resident is required to deduct tax but is not required to obtain TAN for depositing the tax so deducted. The Same benefit of not requiring TAN has been extended to an individual or HUF purchasing an immovable property from a non-resident

### **Trusts**

- Any trust or institution registered under sec 12 AA cannot claim exemption under section 10 except under Sec 10 (23C).
- Registration under sec 12AA is permissible for claiming tax exemption for earlier years also
- Sec 12AA widened to give more power to commissioner to cancel approval.