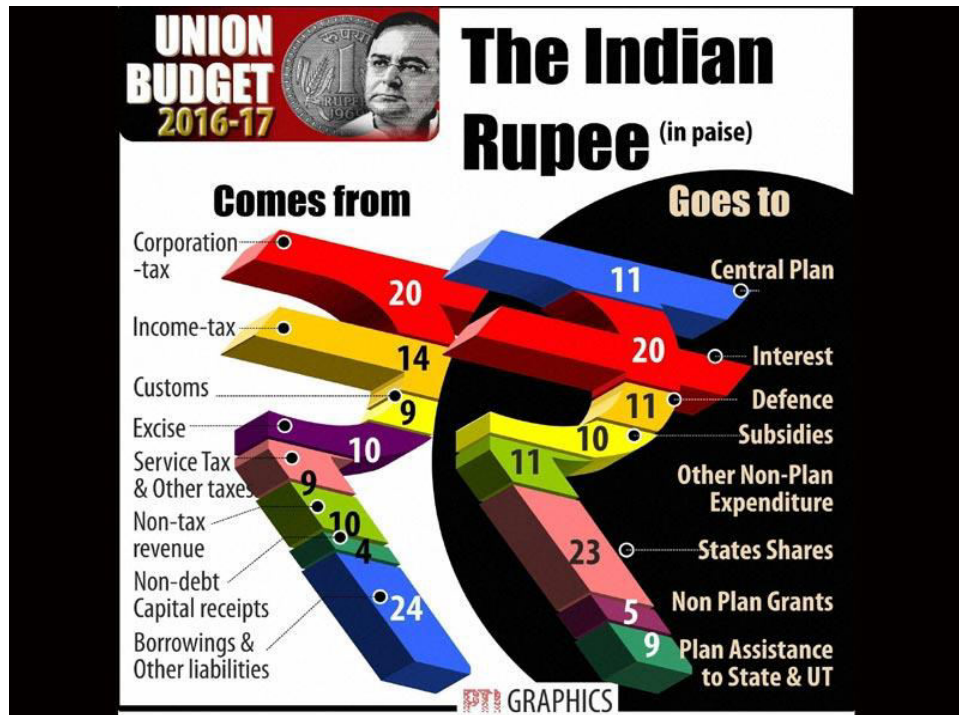



BUDGET 2016



UNION BUDGET 2016-17



At a Glance

(in Rs crore)

	2014-15 Actuals (Prov.)	2015-16 Budget Estimates	2015-16 Revised Estimates	2016-17 Budget Estimates
Revenue Receipts	1101472	1141575	1206084	1377022
Capital Receipts	562201	635902	579307	601038
Total Receipts	1663673	1777477	1785391	1978060
Non-plan Exp.	1201029	1312200	1308194	1428050
Plan Expenditure	462644	465277	477197	550010
Total Expenditure	1663673	1777477	1785391	1978060
Revenue Deficit	365519	394472	341589	354015
Fiscal Deficit	510725	555649	535090	533904
Primary Deficit	108281	99504	92469	41234

PTI GRAPHICS

BUDGET 2016 – TAX PROPOSALS

- RELIEF TO SMALL TAX PAYERS
- MEASURES TO BOOST GROWTH AND EMPLOYMENT GENERATION
- INCENTIVIZING DOMESTIC VALUE ADDITION TO HELP MAKE IN INDIA
- MEASURES FOR MOVING TOWARDS A PENSIONED SOCIETY
- MEASURES FOR PROMOTING AFFODABLE HOUSING
- ADDITIONAL RESOURCE MOBILISATION FOR AGRICULTURE, RURAL ECONOMY AND CLEAN ENVIRONMENT
- REDUCING LITIGATION AND PROVIDING CERTAINTY IN TAXATION
- SIMPLIFICATION AND RATIONALISATION OF TAXATION
- USE OF TECHNOLOGY FOR CREATING ACCOUNTABILITY

Relief to Small Tax Payers

- Tax Rebate U/s.87A enhanced from Rs.2000 to Rs.5000
- Deduction U/s.80GG enhanced from Rs.24,000 to Rs.60,000
- Presumptive taxation scheme U/s.44AD to non-corporate SME - increase gross receipt/turnover limit to Rs 2 crores. Also applied to professionals there the income offered is 50% subject to limit of gross income of Rs.50 lacs

Measures to boost growth and employment generation

- New companies incorporated on or after 01.03.2016 – tax rate is 25% + SC + Cess provided no deduction claimed lined to profit & investment
- Lowering Corporate tax rate to 29% for those SME where turnover <Rs.5 crores in FY2014-15.
- Startups - 100% deduction of profits for 3 out of 5 yrs that are set up during April 2016 to March 2019, however MAT will apply, Capital gains not to be taxed if invested in regulated/notified funds, individuals in notified in startups having majority shares.
- 10% rate of tax on income from worldwide exploitation of patents developed and registered in India
- NBFC eligible for deduction to the extent of 5% of its income in respect of provision for bad and doubtful debts
- Determination of residency of foreign company on the basis of Place of Effective Management (POEM) is proposed to be deferred by one year
- Genera Anti Avoidance Rules (GAAR) from 01.04.2017.

Incentivising domestic value addition to help make in India

- Suitable changes in excise and customs are proposed on certain inputs, raw materials, intermediaries and components and certain other goods – to reduce costs and improve competitiveness of domestic industry in sectors like
- IT hardware, capital goods, defence production, textiles, mineral fuels oils, chemical & petrochemicals, paper, paperboard and newsprint, Maintenance repair and overhauling of aircrafts and ship repair etc

Measures for moving towards a pensioned society

- Withdraw at the time of retirement from National Pension Scheme exempt up to 40% of corpus
- Same applied to EPF and RPF on the contributions made after 01.04.2016
- Contributions to RPF & SF upto Rs.1.5 lacs exempt
- Exemption of Service tax on annuity services of NPS & EPEO provided to employees
- Reduction of service tax on single premium annuity Insurance policies from 3.5% to 1.4% of the premium paid in certain cases

Measures for promoting affordable housing

- Additional deduction of Rs.50,000/- pa for loans up to 35 lacs where the value of the house is <50 lacs and loan sanctioned in next FY for first home buyers
- NO DDT on distribution of income of SPV to the REITs and INVITs having specified shareholding
- Exemption of service tax on affordable houses upto 60 sq mtrs under Central or State Government scheme
- Exemption of excise duty to RMC

Additional resource mobilisation for agriculture, rural economy and clean environment

- 10% of gross amount of dividend where the recipient is Ind, HUF or Firm and the amount is Rs.10 lacs or more.
- Surcharge increased to 15% from 12% persons having income above Rs.1 crore.
- TCS 1% on cars costing more than Rs.10 lacs and goods in cash more than Rs.2 lacs
- Increase in STT on options from .017% to .05%
- Equalisation levy at 6% of gross amount paid for online advertisement in case of B2B transactions
- Krishi Kalyan cess @.5% on all taxable services wef 01.06.2016
- 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
- Clean energy cess on coal, lignite and peat @Rs.400 per tonne
- Increase in excise duty to 15% from 10% on tobacco and tobacco products
- Levy of service tax on right to use the radio frequency spectrum services
- Levy of 1% excise duty without input tax – limit of Rs.6 crores
- Levy of 12.5% of excise duty with input tax – Limit of Rs.12 crores
- Levy of excise duty on branded readymade garments where RSP is Rs.1000 or more .

Reducing litigation and providing certainty in taxation

- IDS wef 01.06.2016 to 30.09.2016 by paying tax @30% + [SC@7.5%](#) + penalty @7.5%
- Appeals pending as on date or in to be filed in future are given relief from :
- To settle by paying tax+interest – no penalty
- No penalty where Disputed tax is Rs.10 lacs
- 25% penalty where DT is >10 lacs for both direct and indirect taxes
- No retrospective liability for taxes
- Penalty of 50% in case of underreporting of income
- Penalty of 200% in case of misreporting of facts
- Remission of penalty is also proposed in certain circumstances where taxes are paid and appeal is not filed
- Time limit to dispose the petition seeking waiver of interest and penalty
- Grant stay if the 15% of disputed tax paid by AO where appeal is pending before CIT(A)

Simplification and rationalisation of taxation

- Accepted recommendation of Tax Administration Reform Committee and Justice Easwar Committee
- Abolished 13 cesses where revenue collection is < 50 crores
- Rationalisation of TDS provisions
- Lower TDS for NRI on the basis of alternative documents in the absence of PAN
- Revision of return applies to excise returns also

Use of Technology for creating accountability

- E – assessment procedure introduced
- E- sahyog to reduce compliance costs for SME
- Pay 9% interest against normal of 6% where delay is caused to give affect to the appellate orders beyond 90 days

Over all impact

- Revenue loss of Rs.1060 crores
- Expected yield Rs.20670 crores
- Revenue gain of Rs.19160 crores.

More opportunity to professionals on various fronts in implementation of budgetary changes and help Government to create “Stable INDIA”