

TKG CORPORATE ADVISORS

INDIA BUDGET SYNOPSIS 2017

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BRIEF

Salient Feature of Finance Bill 2017

➤ TAX RATES

Change in Income Tax Rates

Individual & HUF, AOP & BOI

2, 50,000 – 5, 00,000 – Reduced from 10% to 5%

In case of 50, 00,000 to 1 Crore – S.C. @ 10%

Exceeding 1 Crore – S.C. @ 15%

Companies having turnover of < 50Cr – 25%

➤ TDS PROVISION

TDS on Rent w.e.f 01/06/2017

Individual & HUF other than those covered u/s 44AB to deduct TDS @ 5% in payment of rent exceed Rs. 50,000/- for a month or a part thereof. Only once & is not requested to obtain TAN.

Any consideration paid to Individual or HUF under Joint Development Agreement apart from stamp value shall be subject to 10 % TDS.

No TDS on Insurance Commission if 15G/15H is submitted.

TDS on payment to resident u/s 40 (a) (ia) for expense under other sources

➤ **CASH TRANSACTION**

Cash payment exceeding Rs. 10000/- in a day

- i. Disallowable u/s 40 A (3), earlier Rs. 20000/-.
- ii. Even such cash payment shall not form part of cost for allowance of depreciation.

269ST

No person shall received an amount of Rs. 3 lakhs or more-

- a) In aggregate from a person in a day.
- b) In respect of a single transaction, or
- c) In respect of transactions relating on event or occasion from a person otherwise then banking channel.
- d) Penalty equal to that amount is proposed in the absence of good & sufficient reason for such contravention.

➤ **INCOME FROM HOUSE PROPERTY**

Set Off of Loss from House Property

Against any other head of income shall not exceed Rs.2 Lac, and the balance shall be carried forward for set off in subsequent years.

Notional Rent

In case of real estate developer after one year from the end of the Financial Year in which certificate of completion of construction of the property is obtained, Notional Rent shall be included in income.

➤ **CAPITAL GAIN**

- i. Definition of Long Term Capital Asset has been amended in case of immovable property from 36 months to 24 months.
- ii. Shifting base year from 1981 to 2001 for indexation
- iii. 54ec to include more bonds redeemable after 3 years as may be notified
- iv. Coverage of Preference Shares into Equity share shall not be regarded as transfer.

- v. Exemption of LTCG on shares u/s 10 (38) only if STT has been paid on acquisition of shares if acquired after 01/10/2014, except for the specified cases.
- vi. In case of unquoted shares FMV shall be deemed to be the full value of consideration
- vii. Joint Development Agreement in case of Individual & HUF
Liability to pay Capital Gain Tax shall arise in the Previous Year in which certificate of completion is issued by CA. Consideration shall be stamp value plus additional consideration received.

➤ **44AD PRESUMPTION TAX SCHEME**

In respect of such Turnover out of Total Turnover of Rs. 2 Crore or less, the payment of which has been realized through banking system either during the Financial Year or before the due date for filing return u/s 139 (1), the existing rate of deemed total income of 8% shall be reduced to 6%.

- i. New provision provides for monetary limits of Rs. 2, 50,000/- for income & Rs. 25 Lakhs for turnover.
- ii. Tax Audit u/s 44 AB in respect of eligible person u/s 44 AD there is no requirement if turnover does not exceed Rs. 2 crore.

➤ **Electoral Funding**

Apart from other provision, limit of can donation of Rs. 20,000/- has been reduced to Rs. 2000/-.

➤ **TCS u/s 206 CC**

- i. If PAN is not submitted by the collectee, then twice the amount as required or 5 % whichever is higher shall be collected.
- ii. A declaration to be filed u/s 206 (1) (C) shall also contain PAN, otherwise it would be invalid.
- iii. All correspondence, Bill/Voucher exchanged between collector & collectee shall contain Pan.
- iv. If PAN is wrong, it shall have same consequence as if there is no PAN.
- v. Non-residents who does not have PAN are exempt.

➤ **ADMINISTRATIVE**

Delay in Filing Return

- i. Penalty for furnishing incorrect information in a report or certificate Rs. 10000/-.
- ii. 87 A is amended to reduce the deduction upto Rs. 2500/- whose total income does not exceed Rs. 3,50,000/-

➤ **DELETION OF SEC 197C**

➤ **TIME LIMIT FOR FILING OF RETURN**

Before the end of the relevant Assessment Year Fine for late filing.

- A fee of Rs. 5000/- if it is filed on or before 31st December of Assessment Year.
- Rs. 10000/- in any other case if income does not Rs. 5 Lac Rs. 1000/- fee to be deposited along with Tax.

➤ **TIME LIMIT FOR REVISE OF RETURN**

Return can be revised upto the end of the relevant Assessment Year or before the completion Assessment.

➤ **TIME LIMIT FOR COMPLETION OF ASSESSMENT**

Time limit for completion of assessment u/s 143 or 144

- i. For Assessment Year 2018-19 within 18 months from the end of the Assessment Year.
- ii. For Assessment Year 2019-20 & onwards within 12 months & accordingly on or after 01-04-2019, reassessment shall be completed within 12 months from the end of the Financial Year in which notice u/s 148 is served.

Return can be revised upto the end of the relevant Assessment Year or before the completion Assessment.

➤ **WITH HOLDING OF REFUND UNDER SCRUTINY ASSESSMENT**

Withholding of refund in case of Scrutiny Cases with the approval of Pr. Commissioner.

➤ **MAT CARRY FORWARD**

MAT carry forward has been extended from 10 years to 15 years.

➤ **START UP**

- i. Exemption of 3 Consecution Assessment Year out 5 years from of its incorporation has been changed to 7 years.
- ii. Carry forward & set off of losses
Condition of holding of 51 % shareholding has been changed to “all shareholders continue to hold those shares.”

