

Budget Messenger

Version 2015.16



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Group Info



Budget Analysis

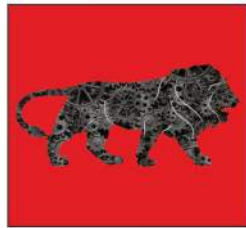
Created 28/02/2015

Created by Shah Teelani & Associates



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2 of 100



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Add Participant...

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February, 28th 2015

Dear Sir,

The little green logo of a text balloon with the phone is a staple for all smart phone users. The first time we all tried WhatsApp, we felt like it was an answer to all our communication worries. It felt nothing less than a sci-fi movie, to have a practically free messaging service or to be able to send your photos in real time without having to first zip and upload them for hours. Then came the ability to record audio messages in your own tone without bothering about anybody misinterpreting its meaning. WhatsApp, an instantaneous communication tool, is the perfect blend of SMS, E-mails, Video chats and Voice Calls. WhatsApp, through the machine language of binary, allows to share thoughts, emotions, gesture, music and every notion a human feels and reacts to.



Contemporary India needs to replicate WhatsApp model – a model, driven by innovation and addressing the needs of every user. The Government has rightly taken a first step towards innovation with emphasis on Make In India.



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Budget 2015-16 with its focus on attracting new investment, eliminating policy paralysis, bringing in consistency in tax laws, eradicating corruption, job creation and boosting infrastructure development is sure to get two blue tickets from economists, industrialist, world trade forums and after all the Common Man.

This budget, with its sole emphasis on long term economic growth and stability, also marks a paradigm shift from a general practice of announcing popular and thus a more political budget.

This is our Third Edition of the budget booklet and we sincerely hope that this would prove out to be a quick guide for all the readers.

We would also appreciate the sincere efforts made by all our young and energetic team members and support of Family Members for preparation of this book.

Your suggestions are welcome.

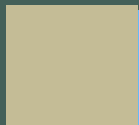
Yours Sincerely,

For, Shah Teelani & Associates,

CA. Jinesh N. Shah.

CA. Jitendra Teelani





BUDGET BROADCAST LIST

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Disclaimer:

This budget 2015-16 handout provides general information on budget 2014-15 and does not express our views. This hand out is meant for general guidance and no responsibility for loss arising to any person acting or refraining from acting as a result of any material contained in this handout will be accepted by us. It is recommended that professional advice be taken based on the specific facts and circumstances. This handout does not substitute the need to refer to the original pronouncement. This handout is intended only for the use of our staff personnel, clients and associates and may contain confidential or privileged material. Any review, dissemination or other use of, or taking of any action in reliance upon by other than the intended recipient is prohibited. If you receive this by error, you may return the material.





(A) BUDGET ANALYSIS 2015-16

1. Highlights of The Budget

- ✓ The Indian economy is forecasting better growth and development as compare to the past.
- ✓ India's GDP reported the growth at 7.4% for 2014-15, instead of the 7-8% potential growth estimated.
- ✓ Current Account Deficit(CAD) narrows in the current year, with the CAD estimated around 1.3% of the GDP.
- ✓ Debate on the Implementation of the GST comes to end, by confirming the implementation on GST(Goods and Service Tax) to be implemented on the priority basis.
- ✓ The service tax rate is being increased to 14% including the all leviable Cess to facilitate transition to GST. In addition it is proposed to levy additional 2% Swachh Bharat Cess
- ✓ Corporate Taxation rate proposed to reduce to 25% from the existing rate of 30%.
- ✓ Wealth Tax Abolished with focus of ease of doing business and simplification of Tax Procedures and Levied an additional Surcharge of 2% on the Super-Rich person having taxable income over ` 1 Crores
- ✓ Rate of income tax on Royalty and Fees for Technical services as per section 115A reduced to 10% from 25%.
- ✓ Investment made under SukanyaSamridhi Account shall be eligible for deduction u/s. 80C, even Interest earned on such deposit shall be exempt from income tax.
- ✓ Deduction for Contribution made to any Pension Fund u/s. 80CCC increased to ` 1,50,000/- and 80CCD increased to ` 50,000/-.
- ✓ Deduction u/s. 80D for individual and senior citizen increased to ` 25,000 and ` 30,000, respectively.





- ✓ Threshold limit for applicability of domestic transfer pricing increased to ` 20 Crores
- ✓ TDS is applicable on the interest earned from Recurring Deposit Account.
- ✓ TDS u/s. 194C is applicable to all the Transporter having more than 10 Trucks.
- ✓ Transport allowances increased to ` 1600p.m.
- ✓ PAN being made mandatory for any purchase or sale exceeding ` 1 Lacs.
- ✓ General Anti Avoidance Rule (GAAR) to be deferred by two years.
- ✓ Yoga to be included within the ambit of Charitable Purpose under Section 2(15) of the Income Tax Act.
- ✓ Direct Tax Code have already been included in the Income Tax Act, therefore DTC implementation Dropped.
- ✓ Services provided by the Government or Local Authority to a business entity unless specifically exempt, shall become taxable.
- ✓ A uniform abatement being 30% taxable now being prescribed for transport by rail, road and vessel.
- ✓ Time limit for taking CENVAT Credit on inputs and input services is being increased from six months to one year.
- ✓ All goods, except populated printed circuit boards for use in manufacturing of ITA Bound items, exempted from SAD.
- ✓ Basic Custom Duty on certain inputs, raw materials, inter mediates and components in 22 Items, reduced to minimize the impact of duty inversion.





2. Budget at Glance

(` in Crores)

Sr. No.	Particulars	2013-14 Actual	2014-15 Budget Estimates	2014-15 Revised Estimates	2015-16 Budget Estimates
1.	Revenue Receipts	1014724	1189763	1126294	1141575
2.	Tax Revenue (Net to Centre)	815854	977258	908463	919842
3.	Non-Tax Revenue	198870	212505	217831	221733
4.	Capital Receipts (5+6+7)\$	544723	605129	554864	635902
5.	Recoveries of Loans	12497	10527	10886	10753
6.	Other Receipts	29368	63425	31350	69500
7.	Borrowings and Other Liabilities*	502858	531177	512628	555649
8.	Total Receipts (1+4) \$	1559447	1794892	1681158	1777477
9.	Non-Plan Expenditure	1106120	1219892	1213224	1312200
10.	On Revenue Account of which,	1019040	1114609	1121897	1206027
11.	Interest Payments	374254	427011	411354	456145
12.	On Capital Accounts	87080	105283	91327	106173
13.	Plan Expenditure	453327	575000	467934	465277
14.	On Revenue Account	352732	453503	366883	330020
15.	On Capital Account	100595	121497	101051	135257
16.	Total Expenditure (9+13)	1559447	1794892	1681158	1777477
17.	Revenue Expenditure (10+14)	1371772	1568111	1488780	1536047
18.	Of which, Grants for creation of Capital Assets	129418	168104	131898	110551
19.	Capital Expenditure (12+15)	187675	226781	192378	241430
20.	Revenue Deficit (17-1)	357048	378348	362486	394472
		(3.1)	(2.9)	(2.9)	(2.8)
21.	Effective Revenue Deficit (20-18)#	227630	210244	230588	283921
		(2.0)	(1.6)	(1.8)	(2.0)
22.	Fiscal Deficit {16 - (1+5+6)}	502858	531177	512628	555649
		(4.4)	(4.1)	(4.1)	(3.9)
23.	Primary Deficit (22-11)	128604	104166	201274	99504
		(1.1)	(0.8)	(0.8)	(0.7)

\$ Does not Include receipt in respect of Market Stabilization Scheme.

Excluding receipts under Market Stabilisation Scheme.

* Includes draw-down of Cash Balance.

Notes: GDP for BE 2015-2016 has been projected at ` 14108945 crore assuming 11.5% growth over the Advance Estimates of 2014-2015 (` 12653762 crore) released by CSO.





Changes in Provisions relating to Business & Profession

- ✓ New Section 32AD inserted Investment in New Plant and Machinery will be eligible for deduction of 15% if it is setup in area notified by the Central Government in the State of Andhra Pradesh or in the State of Telangana. Higher Depreciation at the rate of 35% on machineries is allowed in such notified areas.
- ✓ For deduction of Expenses on In House Research and Development u/s. 35(2AB) deduction shall be available on proper maintenance of accounts and audit and furnishing of reports as per prescribed manner.
- ✓ Corporate Taxation rate propose to reduce to 25% from the existing rate of 30%. Decrease in Tax Rate will reduce the tax liability of the Firms, LLP, Pvt. Ltd. and Limited Companies.
- ✓ Wealth Tax Abolished with focus of ease of doing business and simplification of Tax Procedures and Levied an additional Surcharge of 2% on the Super-Rich person having taxable income over ` 1 Crores.
- ✓ In order to Curb the Black Money in Real Estate Industry section 269SS and 269T restricts the person from accepting any loan or deposit or advance money in cash above ` 20,000 in relation to transfer of immovable property whether or not the transfer takes place.
- ✓ Stingent Penalties upto 300% and Prosecution of Jail for 10 Years for Black Money Evaders.
- ✓ Benami property transaction bill to tackle black money transaction in real estate soon.
- ✓ New section 115UB inserted for provisions relating to tax on income derived from the investments funds and from the unit holder of investment funds. Such person are required to file Income Tax Return.
- ✓ To Facilitate technology inflow to small business at low costs, rate of income tax on Royalty and Fees for Technical services as per section 115A reduced to 10% from 25%.
- ✓ In order to rationalize the MAT provisions as per 115JB for FIIs, profit corresponding to their income from capital gains on transactions in securities which are liable to tax at a lower rate, shall not be subject to MAT.
- ✓





4. Changes in Provisions of Deductions u/s. 80& Other Deduction.

- ✓ Investment made under Sukanya Samridhi Account shall be eligible for deduction u/s. 80C, even Interest earned on such deposit shall be exempt from income tax.
- ✓ Deduction for Contribution made to any Pension Fund u/s. 80CCC increased to ` 1,50,000/- .
- ✓ Deduction in respect of contribution to Pension Scheme u/s. 80CCD increased to ` 50,000/-., this will enable India to become a pensioned society instead of pensionless society.
- ✓ Following changes made in respect to deduction of Health/Medical Insurance Premium paid u/s. 80D
 - For individual Deduction increased to ` 25,000/-
 - For senior citizens limit shall be ` 30,000/-.
 - For very senior citizens of the age of 80 years or more, who are not covered by health insurance, deduction of ` 30,000 towards expenditure incurred on their treatment will be allowed.
- ✓ The deduction limit u/s. 80DD enhanced to ` 80,000 towards expenditure on account of specified diseases in case of very senior citizens. Additional deduction of ` 25,000 will be allowed for severe disability persons.
- ✓ Under Section 80DDB expenditure on account of specific diseases for very senior citizens raised to ` 80,000.
- ✓ Donation made to the following institution shall be eligible for 100% deduction u/s. 80G
 - National Fund for Control of Drug Abuse (NFCDA)
 - Swachh Bharat Kosh (Resident and Non-Resident)
 - Clean Ganga Fund (Resident)
- ✓ Limit of deduction u/s 80U in case of a person with disability raised to ` 75,000 and in case of severe disability deduction increased to ` 1.25 lakh.





5. Changes in Provisions relating to Procedures and Assessments

- ✓ Section 132A amended to provide that the asset seized under section 132 or requisitioned under 132A may also be adjusted against the amount of liability arising on application made before the Settlement Commission.
- ✓ University or education institution or hospitals which are wholly or substantially funded by the Government are now required to file Income Tax Return u/s. 139(4C).
- ✓ As per new amended section 151 no notice u/s. 148 shall be issued by assessing officer upto four years from the end of relevant assessment year without the approval of Joint Commissioner and beyond four years from the end of relevant assessment year without the approval of the Principal Chief Commissioner.
- ✓ As per section 153C at the time of Search any money, bullion, jewellery or other valuable article or thing belongs to any other person other than person where search is initiated will be handed over to the Assessing officer having jurisdiction over such person.
- ✓ New Section 158AA inserted which provides procedure for appeal by Revenue when identical question of law is pending before the High Court or Supreme Court for the same assessee but for different assessment year, than appeal to be filed by revenue when the decision on question of law becomes final in earlier case.
- ✓ Under Section 245A assessee can approach Settlement Commission for any assessment year, even if notice under section 148 for such other assessment year has not been issued.
- ✓ Section 255 provides that a bench constituted of a single member may dispose of a case where the total income as computed by the Assessing Officer does not exceed ` 15 Lacs.

6. Changes in Provisions relating to International Tax

- ✓ Finance bill 2012 introduced the Domestic Transfer Pricing for the transaction exceeding ` 5 Crores. In the Current Budget threshold limit for applicability of domestic transfer pricing increased to ` 20 Crores.
- ✓ Section 9 amended and provides that in the case of an eligible investment fund, the fund management activity carried out through an eligible fund manager acting on behalf of such fund shall not constitute business connection in India. Further, eligible investment fund shall not be said to be resident in India merely because the eligible fund manager undertaking fund management activities on its behalf is located in India.





7. Changes in Provisions relating to Capital Gains & TDS

- Under capital gain act amended and it includes the cost of acquisition of an asset acquired by resulting company shall be the cost for which the demerged company acquired the capital asset as increased by the cost of improvement incurred by the demerged company.
- Employer for the purpose of estimating the income of Employees and for TDS deduction u/s. 192A on such Income shall obtain evidence or proof of the prescribed exemption claim from the employee.
- At present the payment of interest on recurring deposit by banking company or co-operative bank is **Not** subject to TDS u/s. 194A. Now section is amended and banking company or co-operative bank is liable to deduct **TDS on the Interest earned on Recurring Deposits**.
- As per section 194C amended now TDS shall be deducted on payments made to all those transporter who are having more than 10 Trucks. i.e. TDS shall not be deducted on the Payment made to small transporter who are filling their income return u/s. 44AE.
- TDS not required to be deducted under section 194-I where Income by way of rent is credited or paid to business trust, being a real estate investment trust, in respect of any real estate asset held directly by such Trust.
- Under 194LBA Business Trust Making payment by way of distribution of Income to its unit holder being Resident and Non-Resident included.
- Concessional rate of 5% withholding tax on interest payment under section 195 LD will now be available on interest payable upto 30th June, 2017.
- As per 197A tax shall not be deducted if the recipient on maturity of insurance policy furnishes the payer a self – declaration in prescribed Forms 15G/15H.
- Payment made to the branch of foreign company is separate entity for the purpose of taxation and accordingly TDS provisions would apply along with separate taxation of interest paid to head office or other branches of the non-resident, which would be chargeable to tax in India.





8. Other Important Changes

- ✓ Rationalisation and removal of various tax exemptions and incentives to reduce tax disputes and improve administration.
- ✓ Transport allowances increased to ` 1600p.m.
- ✓ Government assured for the implementation of the GST from Next Year.
- ✓ Non-filing of return/filing of return with inadequate disclosures to have a punishment of rigorous imprisonment upto 7 years.
- ✓ Undisclosed income from any foreign assets to be taxable at the maximum marginal rate.
- ✓ Mandatory filing of return in respect of foreign asset.
- ✓ Entities, banks, financial institutions including individuals all liable for prosecution and penalty.
- ✓ PAN being made mandatory for any purchase or sale exceeding ` 1 Lacs.
- ✓ Third party reporting entities would be required to furnish information about foreign currency sales and cross border transactions.
- ✓ General Anti Avoidance Rule (GAAR) to be deferred by two years.
- ✓ Yoga to be included within the ambit of Charitable Purpose under Section 2(15) of the Income Tax Act.
- ✓ To mitigate the problem being faced by many genuine charitable institutions, it is proposed to modify the ceiling on receipts from activities in the nature of trade, commerce or business to 20% of the total receipts from the existing ceiling of ` 25 Lacs.
- ✓ Most of the provisions of Direct Tax Code have already been included in the Income Tax Act, therefore DTC implementation Dropped in the current finance bill.





9. Changes in Provisions relating to Service Tax

- The service tax rate is being increased to 14% including the all leviable Cess to facilitate transition to GST. In addition it is proposed to levy additional 2% Swachh Bharat Cess.
- Service tax to be levied on the service provided by way of access to amusement facility such as rides, bowling alleys, amusement arcades, water parks, theme parks, etc.
- Service tax to be levied on service by way of admission to entertainment event of concerts, non-recognized sporting events, pageants, music concerts and award functions, if the amount charged for admission is more than ₹ 500.
- Service tax to be levied on service by way of carrying out any processes as job work for production or manufacture of alcoholic liquor for human consumption.
- Exemption presently available on specified services of construction, repair of civil structures, etc. when provided to Government shall be restricted only to,
 - Historical monument, archaeological site
 - Canal, dam or other irrigation work;
 - Pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.
 - All other Services provided by the Government or Local Authority to a business entity unless specifically exempt, shall become taxable.
- ✓ Construction, erection, commissioning or installation of original works pertaining to an airport or port is liable to Service Tax.
- ✓ Exemption to services provided by a performing artist in folk or classical art form of music, dance, theater, will be limited only to such cases where amount charged is upto ₹ 1,00,000 per performance.
- ✓ Transportation of agricultural produce would continue to exempt.
- ✓ Exemptions are being withdrawn on the following services:
 - Services provided by a mutual fund agent to a mutual fund or assets management company.
 - Distributor to a mutual fund or AMC.
 - Selling or marketing agent of lottery ticket to a distributor of lottery.
- ✓





- Departmentally run public telephone.
 - Guaranteed public telephone operating only local calls.
 - Service by way of making telephone calls from free telephone at airport and hospital where no bill is issued.
- ✓ Following Services are Exempted from the perview of Service Tax:-
- Services of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables are being exempted.
 - Life insurance service provided by way of Varishtha Pension Bima Yojna is being exempted.
 - All ambulance services provided to patients are being exempted.
 - Admission to a museum, zoo, national park, wild life sanctuary and a tiger reserve.
 - Transport of goods for export by road from the factory to a land customs station.
 - Services by common affluent treatment plant.
- ✓ Service provided by way of exhibition of movie by the exhibitor/theatre owner to the distributor or association of persons consisting of exhibitor as one of it's member is being exempted.
- ✓ 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 of Service Tax on value of air transport of passenger in business class is 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.
- ✓ Penalty provisions are being rationalized to encourage compliance and early dispute resolution.
- ✓ Online Central Excise/Service Tax Registration within two working days.





10. Changes in Provisions of Excise Duty

- ✓ Ad valorem Excise Duty increased from 12% to 12.5%, Education Cess and Secondary & Higher Education Cess leviable on excisable goods are being fully exempted.
- ✓ Excise duty on the following items reduced or changed is as follows:-
 - Duty on Wafers for use in the manufacture of integrated circuit (IC) modules for smart cards from 12% to 6%.
 - Inputs for use in the manufacture of LED drivers and MCPCB for LED lights, fixtures and LED lamps from 12% to 6%.
 - Specified raw materials for use in manufacture of pacemakers reduced to NIL.
 - Pig iron SG grade and Ferro-silicon-magnesium for use in the manufacture of cast components of wind operated electricity generators to Nil.
 - Solar water heater and system from 12% to Nil without CENVAT credit or 12.5% with CENVAT credit.
 - Round copper wire and tin alloys for use in the manufacture of Solar PV ribbon for manufacture of solar PV cells to Nil.
- ✓ Excise duty revised on various Mobiles Handsets including cellular phones and Tablet Computers .
- ✓ Time limit for taking CENVAT Credit on inputs and input services is being increased from six months to one year.
- ✓ 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. Increase in duty rates is also proposed on cigars, cheroots and cigarillos.
- ✓ Excise duty on cut tobacco is being increased from ` 60 per kg to ` 70 per kg.
- ✓ Excise duty on sacks and bags of polymers of ethylene other than for industrial use increased from 12% to 18%.

Excise duty on chassis for ambulances is being reduced from 24% to 12.5%.





- ✓ Excise duty of 2% without CENVAT credit or 6% with CENVAT credit is being levied on peanut butter.
- ✓ Clean energy cess increased from ` 100 to ` 200 per metric tonne of coal, etc. to finance clean environment initiatives.

11. Changes in Provisions of Custom Duty

- ✓ Reduction in Basic Customs Duty to reduce the cost of raw materials in the following items
 - Customs duty reduced on various chemicals and metals.
 - Specified components for use in the manufacture of specified CNC lathe machines and machining centres from 7.5% to 2.5%.
 - Certain specified inputs for use in the manufacture of flexible medical video endoscopes from 5% to 2.5%.
 - HDPE for use in the manufacture of telecommunication grade optical fibre cables from 7.5% to Nil.
 - Black Light Unit Module for use in the manufacture of LCD/LED TV panels from 10% to Nil.
 - Organic LED TV panels from 10% to Nil.
 - CVD and SAD are being fully exempted on specified raw materials.
 - Evacuated Tubes with three layers of solar selective coating for use in the manufacture of solar water heater and system to Nil.
 - Active Energy Controller (AEC) for use in the manufacture of Renewable Power System (RPS) Inverters to 5%, subject to certification by MNRE.
 - The tariff rate of basic customs duty on bituminous coal is being reduced from 55% to 10%.
 - Basic Customs Duty on 'metal parts' for use in the manufacture of electrical insulators is being reduced from 10% to 7.5%, subject to actual user condition.
- ✓ On the Following items there is Increase in Basic Customs Duty:-
 - Metallurgical coke from 2.5% to 5%.
 - The tariff rate of Basic Customs Duty on Commercial Vehicles is being increased from 10% to 40%.
 - Tariff rate on iron & steel and articles of iron or steel, falling under Chapters 72 and 73 of the Customs Tariff, from 10% to 15%.
 - Tariff rate on Commercial Vehicles from 10% to 40% and effective rate from 10% to 20%.





(B) IMPORTANT CURRENT YEAR PROVISIONS

1. Tax Rate Structure for the A.Y. 2015-16

1) Individual (Other than Senior Citizen), HUF, AOP, BOI

Sr. No.	INCOME	TAX RATE
1	Up to `2,50,000	NIL
2	From `2,50,001 to `5,00,000	10%
3	From `5,00,001 to `10,00,000	20%
4	From `10,00,001 onwards	30%

2) For Resident Senior Citizens above the age of 60 years

Sr. No.	INCOME	TAX RATE
1	Up to `3,00,000	NIL
2	From `3,00,001 to `5,00,000	10%
3	From `5,00,001 to `10,00,000	20%
4	From `10,00,001 onwards	30%

3) For Resident Senior Citizens above the age of 80 years

Sr. No.	INCOME	TAX RATE
1	Up to `5,00,000	NIL
2	From `5,00,001 to `10,00,000	20%
3	From `10,00,001 onwards	30%

Note:- If Total Income of the Assessee Exceeds 1 Crore additional Surcharge on tax @ 10% will be applicable.

4) Other Assesseees

Total Income	Rate of Tax (%)	Rate of MAT (%)	Rate of Dividend Tax (%)
	A.Y. 14-15	A.Y. 14-15	A.Y. 14-15
Tax Rates for Domestic Co.			
Upto ` 1 Crore	30.90	19.05	16.995
From ` 1 Crore to ` 10 Crores	32.45	20.00	16.995
Exceeding ` 10 Crores	33.99	20.96	16.995
Tax Rates for Foreign Co.			
Upto ` 1 Crore	41.20	19.05	
From ` 1 Crore to ` 10 Crores	42.02	19.44	
Exceeding ` 10 Crores	43.26	20.01	
Tax Rates for Others			
Firms/LLP's/Local Authorities/Other Non Corporate Assessee			
Upto ` 1 Crore	30.90	19.05	
Above ` 1 Crore	33.99	20.96	





2. Provisions relating to Deduction from Total Income

- **Following investments are allowed as deduction from total income of Individual and HUF upto maximum of ` 1,50,000/- (Sec. 80C, 80CCC & 80CCD)**

Nature of Investment	Applicability
Life Insurance Premium.	For Individual, payment should be made in the name of following persons: <ul style="list-style-type: none"> ✓ Individual. ✓ Spouse of the Individual. ✓ Any child of the Individual. For HUF, in the name of any member of HUF. Premium paid to the extent of 10% of Sum Assured qualify for the deduction.
Any payment for statutory or recognized provident fund.	For Individual only.
Any payment in Public Provident Fund. (PPF)	For Individual, payment should be made in the name of following persons: <ul style="list-style-type: none"> ✓ Individual. ✓ Spouse of the Individual. ✓ Any child of the Individual. For HUF, in the name of any member of HUF. Max. Limit of Investment is ` 1,50,000 in a year.
Investment in National Saving Certificate (NSC) and interest accrued on it.	For Individual and HUF.
Investment in Mutual Fund.	For Individual and HUF. Subscription to the notified units of any mutual fund covered u/s. 10(23D) shall be allowed as deduction.
Tuition Fees.	For Individual only. <ul style="list-style-type: none"> ✓ Expenses allowed for any two children of the Individual. ✓ It is for full time education, paid to any school, college, university or other eligible institution. ✓ Donation or development fees are not allowed.
Repayment of Housing Loan.	For Individual and HUF.
Investment in Term Deposit.	For Individual and HUF. <ul style="list-style-type: none"> ✓ For a fixed period of not less than 5 years with a schedule bank in accordance with the scheme notified by the central government.





Investment in specified bonds issued by National Bank for Agriculture and Rural Development. (NABARD)	For Individual and HUF.
Amount deposited in certain pension fund of LIC or other insurer	For Individual only.
Amount paid under notified pension scheme of Central Govt. by employee; not exceeding 10% of salary of employee.	For Individual only.
Amount invested in time deposit under Post Office Time Deposit rules for 5 years.	For Individual only.
Amount invested in an account under Senior Citizen Saving Scheme.	For Individual only.

- ✓ Assessee having gross total income less than 12 lacs can claim deduction of 50% of amount invested or ` 25,000 whichever is lower for Investment in Listed Equity Shares notified for the Rajiv Gandhi Equity Saving Scheme. (RGESS) (Sec. 80CCG).
- ✓ As per section 80TTA, deduction in respect of the interest earned in the savings bank account maintained with banks, cooperative banks and post office upto ` 10,000 to the Individual and HUF is allowable.
- ✓ Under Income from House Property Deduction for the Interest Payable on the borrowed funds increased upto ` 2,00,000

➤ **Deduction for Medical Insurance Premium (Sec. 80D)**

Assessee	Deduction
Individual	
Mediclaime policy in the name of-	
a. Individual or his family. (Spouse and dependent child)	Lower of aggregate premium paid or ` 15,000/-.
b. Parents (whether dependant or not)	Lower of aggregate premium paid or ` 15,000/-.
HUF- in the name of any member	Lower of aggregate premium paid or ` 15,000/-.

Notes:

- (a) Premium paid for senior citizen aged above 60 years, the deduction available is aggregate premium paid or ` 20,000/- whichever is lower. Further, an individual can claim Mediclaime for himself, his family and additional amount for Parents.
- (b) Payment shall be made by any mode of payment other than cash.





3. Rates & Exemption limit of TDS& TCS

Sec.	Nature of payments made to resident	Threshold Limit (In `)	Company, Firm, Co-op Soc, Local Authority	Individual HUF	If NoPAN Or Invalid PAN
194A	Interest – Payable by Banks	10,000	10	10	20
	Interest – Payable by others	5000	10	10	20
194B	Winning from lotteries / Crossword Puzzle	10,000	30	30	30
194C	Payment to Contractors:- 1-Single transaction	30,000	2	1	20
	2- Aggregate during FY	75,000	2	1	20
194D	Insurance commission	20,000	10	10	20
194DA	Maturity of Insurance Policy	10% Sum Assured	2	2	20
194H	Commission/ Brokerage	5,000	10	10	20
194I	Rent	1,80,000	10	10	20
	Rent Plant/ Machinery	1,80,000	2	2	20
194	Dividends	-	10	10	20
194BB	Winnings from horse race	5,000	30	30	30
194F	Repurchase units by MFs	1,000	20	20	20
194G	Commission – Lottery	1,000	10	10	20
194LA	Immovable Property	1,00,000	10	10	20
194LBA	Distribution of Income by Business Trust	-	10	10	20
194IA	Transfer of Immovable Property, other than Agriculture Land	50,00,000	1	1	20

➤ Description & Rates of TCS

Description	Rate %
Alcoholic Liquor for Human Consumption and Indian Made Foreign Liquor	1
Timber obtained under a forest lease or any other mode and other forest produce	2.5
Scrap and Minerals, being coal or lignite or Iron ore	1
Parking Lots, Toll Plaza Lease and Mine Quarry Lease	2
Tendu Leaves	5
Bullion or Jewellery	1

Note: If case of Non-Resident upto 1 Crore there will be Cess @ 3% and Above 1 Crore there shall be Surcharge @ 10% also. TDS is not applicable on Service Tax Part is Service Tax is shown Separately.





4. Provision of MAT u/s 115 JC

- ✓ The provision of MAT shall also apply to partnership firms, sole proprietorship, association of persons etc.
- ✓ If the regular tax payable is less than minimum alternate tax, then such persons is required to pay 18.50 % tax on total income.
- ✓ The income in above cases has to be increased by deduction under Chapter VI A and also deduction u/s 10 AA.
- ✓ However, the provision of this chapter shall not apply to Individual, HUF, AOP, BOI, if adjusted total income is not more than ` 20 lacs.
- ✓ Such provision will raise more difficulties to various small assesseees.

5. Provisions relating to Service Tax

➤ **Payment of Service Tax :**

Category of Assessee	Periodicity of Payment	Periods	Due Date
Individuals, Proprietary Concern or Partnership Firms	Quarterly	1 st , 2 nd & 3 rd quarter	5 ^{th*} day of the month following the said quarter.
		4 th quarter	31 st March
Others (i.e. Company, AOP, Trust etc.)	Monthly	April to February	5 ^{th*} day of the next month.
		March	31 st March

Notes:

1. Service tax is payable, if the value of taxable service exceeds `10 lacs in the preceding financial year.
2. The assessee is required to take registration if value of taxable service exceeds `9 lacs during the year.
3. If the assessee fails to pay service tax within the above mentioned time limit then assessee is liable to pay penalty of `100/- per day during which such failure continues or 1% per month of tax due whichever is higher but maximum of 50% of service tax.
4. Returns are to be filed on half yearly basis.
5. Due dates for filing of returns is 25th day of the month following the end of Half Year.
 - * If E-payment made than due date shall be 6th Day of Next Month/quarter respectively.





➤ **Rate of Interest on delayed payment of Service Tax**

Period	Rates of Interest	
01-07-1994 to 15-07-2001	18% p.a.	
16-07-2001 to 15-08-2002	24% p.a.	
16-08-2002 to 09-09-2004	15% p.a.	
10-09-2004 to 31-03-2011	13% p.a.	
01-04-2011 to 30-09-2014	18% p.a.	
	15% p.a. (for assesses having turnover upto Rs.60 Lakhs)	
01-10-2014 onwards*	18% p.a.	Delay for first 6 month
	24% p.a.	Delay from 7 th month to 12 month
	30% p.a.	Delay for the period beyond 1 year

*3% Concession in interest rate for assesses having turnover upto Rs.60 Lakhs

➤ **Works Contract Rate**

Period		Rate Of Tax	
01-06-2007 to 28-02-2008		2.06%	
01-03-2008 to 31-03-2012		4.12%	
01-04-2012 to 30-06-2012		4.944%	
		01-07-2012 to 30-09-2014	01-10-2014 onwards
1)	On service Portion in execution of Works Contract (Total Amount less value of Goods involved)	12.36%	12.36%
2)	On Total Amount -if	4.944%	4.944%
a)	Original Works		
b)	Maintenance /Repair/Reconditioning of any Goods	8.652%	8.652%
c)	Maintenance /Repair/Completion & Finishing Service of Immovable property	7.416%	





➤ **Complete Reverse Charge Mechanism** (w.e.f 01.07.2012)

Sr. No	Description of a service	Service payable by Service Provider	Service payable by Service Receiver
1.	Services provided or agreed to be provided by an insurance agent to any person carrying on insurance business -	NIL	100%
2.	Services provided or agreed to be provided by a goods transport agency in respect of transportation of goods by road	NIL	100%
3.	Sponsorship Service to any body Corporate or partnership firm located in taxable entity	NIL	100%
4.	Arbitral Tribunal Service to any business entity	NIL	100%
5.	Service of Individual Advocate or a firm of Advocates to any business entity	NIL	100%
6.	Service by Government or local authority by way of support service to any business entity	NIL	100%
7.	Service by any Person who is located in a non-taxable territory and received by any person located in the taxable territory	NIL	100%
8.	Service by Director to a company /[Body Corporate] (other than employee-employer relationship)	NIL	100%
9.	Service by a Recovery Agent to a Banking Company/ Financial Institution /NBFC [w.e.f. 11-07-2014]	NIL	100%

➤ **Partial Reverse Charge Mechanism**(w.e.f. 01-07-2012)

Sr No.	Description of a service	Notes	Service Tax Payable by Service Provider	Service Tax Payable by Service Receiver
1.	(a) Renting of a Motor Vehicle designed to carry passenger(where abatement is availed)	1&2	NIL	100%
	(b)) Renting of a Motor Vehicle designed to carry passenger(where abatement is availed)		60% 50%	40% 50%
2.	Supply of Manpower Service	1	25%	75%
3.	Works Contract Service	1	50%	50%
4.	Security Service[w.e.f. 07-08-2012]	1	25%	75%

(a) The Service provider should be an individual/HUF/Partnership Firm/AOP; and(b) The Service recipient should be a body corporateIn case of service of renting of a motor vehicle, the service recipient should be any person who is not engaged in similar line of business.





6. Useful Charts

➤ Cost Inflation Index

F.Y.	Index	F.Y.	Index	F.Y.	Index	F.Y.	Index
1981-82	100	1990-91	182	1999-00	389	2008-09	582
1982-83	109	1991-92	199	2000-01	406	2009-10	632
1983-84	116	1992-93	223	2001-02	426	2010-11	711
1984-85	125	1993-94	244	2002-03	447	2011-12	785
1985-86	133	1994-95	259	2003-04	463	2012-13	852
1986-87	140	1995-96	281	2004-05	480	2013-14	939
1987-88	150	1996-97	305	2005-06	497	2014-15	1024
1988-89	161	1997-98	331	2006-07	519		
1989-90	172	1998-99	351	2007-08	551		

➤ Carry Forward and Set Off of Losses

Sr.	Type of Loss	Set off Under/Against*	Carried forward for
1	House Property	All heads	8 years
2	Speculation	Speculation	4 years
3	Unabsorbed Depreciation/ Cap Exp on SR/ Family Plan	Any Income (other than salary)	No Limit
4	Other business losses	All heads except salary head	8 years
5	Short Term Capital Losses	Short Term/ Long Term Capital Gains	8 years
6	Long Term Capital Losses	Long Term Capital Gains	8 years
7	Owning/ Maintaining race horses	Owning/Maintaining race horses	4 years
8	Specified Business u/s 35AD	Specified Business u/s 35AD	No Limit

* No Loss can be set off against winning from lotteries, crossword puzzles, races including horse race, card games and any sort of receipt from gambling or betting of any form or nature.

* For Loss to be carried forward for future periods, Return of loss must be filed in time.

➤ Partner Remuneration

Book Profit	Amount deductible [u/s 40(b) for Business & Profession]
Loss	Maximum ` 1,50,000
Profit Upto ` 3,00,000	` 1,50,000 or 90% of Book Profit, whichever is more
Profit More than ` 3,00,000	90% of ` 3,00,000 and 60% of balance Book Profit





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- **Depreciation Chart as per Income Tax**

	Nature of Asset	Rate
Building		
Block 1	Residential Building other than hotels and boarding houses	5
Block 2	Office, factory, godowns or building – not mainly residential purpose	10
Block 3	Temporary erection such as wooden structures	100
Furniture		
Block 4	Furniture – Any Furniture/fittings including electrical fittings	10
Plant & Machinery		
Block 5	Any Plant or Machinery (not covered by block 6,7,8,9,10,11 or 12) & motor cars (other than those used in a business of running them on hire) acquired or put to use on or after April 1, 1990	15
Block 6	Ocean going ships, vessels ordinary operating on inland waters including speed boat	20
Block 7	Buses, lorries & taxies used in business of running them on hire, machinery used in semi-conductor industry, moulds used in rubber & plastic goods factories	30
Block 8	Airplanes , Life saving medical equipments	40
Block 9	Containers made of Glass & plastic used as refills , new commercial vehicle which is acquired during Jan 1, 2009 & Sept 30, 2009 & is put to use before Oct1, 2009 for the purpose of business/profession	50
Block 10	Computer including computer software, Books (other than annual publication) owned by a professional	60
Block 11	Energy saving devices; renewal energy devices; rollers in flour mills, sugar work & steel industry	80
Block 12	Air pollution control equipments; water pollution control equipments; solid waste control equipments, recycling & resource recovery systems; books (being annual publications) owned by assesses carrying on a profession or books (may or may not be annual publications) carrying on business in running lending libraries.	100
Intangible Assets		
Block 13	Intangible assets (acquired after march 31, 1998) – Know-how, patents, copyrights, trademarks, licenses, franchises & any other business or commercial rights of similar nature.	25





➤ **Depreciation Chart as per Company Law**

Nature of Assets	Useful Life	Rate [SLM]	Rate [WDV]
I. Buildings [NESD]			
(a) building (other than factory building`s) RCC Frame Structure	60 Years	1.58%	4.87%
(b) Building (other than factory buildings) other than RCC Frame Structure and Factory buildings	30 Years	3.17%	9.50%
II. Plant and Machinery			
(a) General rate applicable to Plant and Machinery not covered under Special Plant and Machinery			
(i) Plant and Machinery other than continuous process plant not covered under specific	15 Years	6.33%	18.10%
(ii) Continuous process plant for which no special rate has been prescribed under (ii) below	8 Years	11.88%	31.23%
(b) Special Plant and Machinery			
(i) Plant and Machinery related to production and exhibition of Motion Picture Films Cinematograph films - Machinery used in The production and exhibition of cinematograph films, recording and reproducing equipments, developing machines, printing machines, editing machines, synchronizers and studio lights	13 Years	7.31%	20.58%
(ii) Plant and Machinery used in glass		7.31%	20.58%
1. Plant and Machinery except direct fire glass melting Furnaces- recuperative and regenerative glass melting furnaces	13 Years		
2. Plant and Machinery except direct fire glass melting furnaces - Moulds [NESD]	8 Years	11.88%	31.23%
3. Float Glass Melting Furnaces [NESD]	10 Years	9.50%	25.89%
III. Furniture and fittings [NESD]			
(a) General furniture and fittings	10 Years	9.50%	25.89%
(b) Furniture and fittings used in hotels, restaurants and boarding houses, schools, colleges and other education institutions, libraries, welfare centers, meeting halls, cinema houses, theatres	8 Years	11.88%	31.23%
IV. Motor Vehicles [NESD]			
(a) Motor cycles, scooters and other mopeds	10 Years	9.50%	25.89%
(b) Motor buses, motor lorries, motor cars and motor taxies used in a business of running them on hire	6 Years	15.83%	39.30%
V. Office equipments [NESD]	5 year	19.00%	45.07%
VI. Computers and data processing units [NESD]			
(a) Servers and networks	6 Years	15.83%	39.30%
(b) End user devices, such as, desktops, laptops, etc.	3 Years	31.67%	63.16%
VII. Electrical Installation and Equipment [NESD]	10 Year	9.50%	25.89%





BUDGET ANALYSIS

Jinesh Shah, Jitendra Teelani, Jhankar Shah, Vritika T...



FEBRUARY 28, 2015

SHAH TEELANI CREATED GROUP "BUDGET ANALYSIS"

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Kuntal Shah [Rosemoor Infrastructure Ltd.]

"Overall, the Budget is forward looking, progressive and practical, with a very clear direction for Future. The Budget reiterates the major programs and initiatives that have been previously announced – Jan Dhan Yagna, Skill India, Swach Bharat, Make in India, and Digital India".

Bharat Pandya [Technichem Organics Pvt. Ltd.]

"Planning started for next 5 years means short term pain long term benefits. Good Initiative for stable taxation policy for corporate. But MSME he would have announced more encouragement who can support our PM's Make In India Dream."

CA Jinesh Shah [Shah Teelani & Associates]:

"The Finance Minister has delivered a bold, far sighted budget that will help raise the country's profile as an investment destination."

Jhankar Shah

"The Budget retains the focus on financial inclusion, education, health and agriculture. It has increased focused on Infrastructure development, housing and manufacturing in India."

Vritika Teelani

"The Union Budget 2015-16 was very Critical as it outlines new government's Commitment to reinvigorate the economy, kick-start investment cycle and also maintain fiscal prudence."

CA Jitendra Teelani [Shah Teelani & Associates]:

"Union Budget 2015-16 is based on 5p's, Progressive, Positive, Practical, Pragmatic & Prudent. It's a Sincere approach to problem solving with Growth, Competitiveness, Inclusiveness, Realism & Long Term Transformation at the Core."

Arpan Shah [RFM Pernod Ricard India Ltd.]

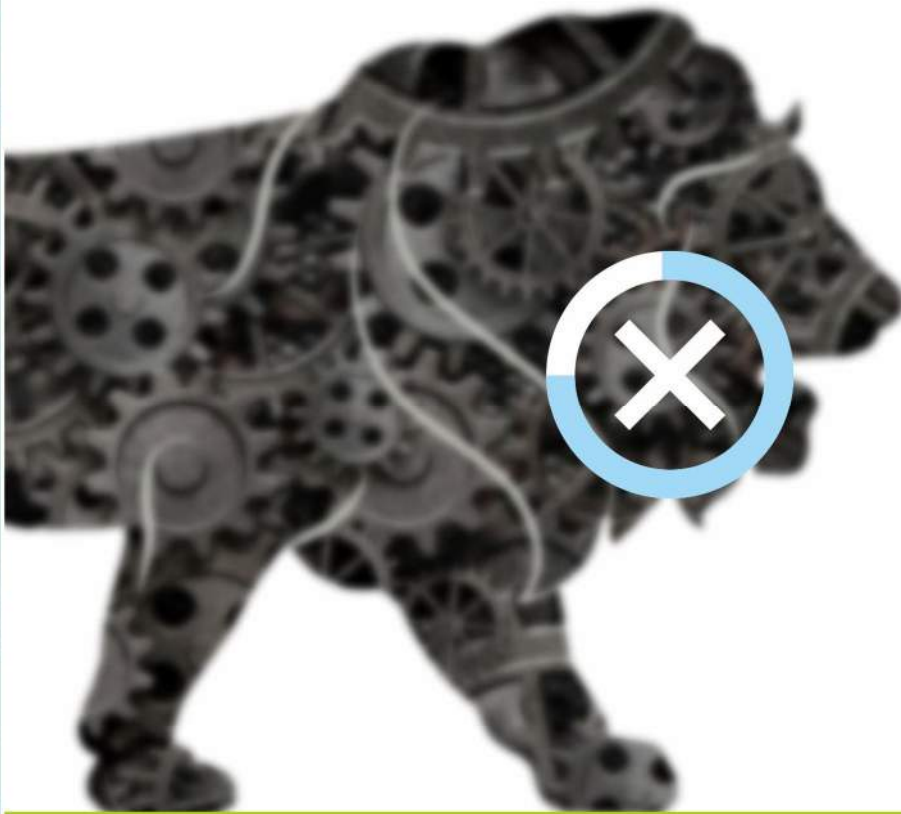
Jiatley's budget lacks head lines grabbing big bang measures but it surely lays down a road map for economic growth and stability.

CA Shashank Doshi [Doshi Maru & Associates]

"The FM has set the direction for a balanced and inclusive growth emphasising on increasing agricultural productivity, farm income, increasing investment in infrastructure, manufacturing maintaining fiscal discipline as well as raising social spend."



Government of India



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