



Budget Times

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Editor, Shah Teelani & Associates

New structure and substance to define this Budget

Advanced Budget date to ensure early fund disbursement; Plan & non-Plan distinction to be discontinued.

Bring down borrowings: RBI Governor to Centre, states

Reserve Bank Governor Urjit Patel on Wednesday asked the Central and State governments to bring down the high borrowings while keeping the inflation low and stable for long-lasting higher growth.

New fund, portals to push card payments

Government to encourage wider card payment infrastructure, amendments to government rules to include digital modes of payment alongside other modes of payment, and the development of new portals by tax bodies to collect tax payments digitally.

Budget session of Parliament to begin from January 31

While the session will begin with the President's address to the joint sitting of the two Houses, the same day the pre-budget economic survey will be tabled.

Early budget to make funds available at start of fiscal year

Prime Minister Narendra Modi Tuesday said advancing the date of budget presentation would help getting funds authorised for different sectors at the start of the financial year.

Cabinet approves scrapping railway budget and merging it with general budget

railway minister will no longer present the budget. Both budgets will be presented by the finance minister in Parliament

Small firms hit by note ban, banks brace for fresh wave of bad loans

The conservative estimate is that the fresh wave of bad loans could surface over the next three-four quarters and specifically be centred around loans to the MSME segment. Already reeling under high levels of non-performing assets (NPAs), the banking sector is bracing for the impact of a fresh round of NPAs in the wake of demonetisation of high denomination currency that has impacted overall demand in the economy and supply chain.

Start-up bodies appeal for 'angel tax' relaxation

Money paid by investors for shares in private Indian company is subjected to 33% tax if it is more than FMV as it is considered to be income from other sources in hands of company.

Post-GST rollout, govt to levy cess sparingly: Hasmukh Adhia

Central government's revenues have been impacted due to higher devolution of tax share to states, levy of cesses will be sparingly done after the goods and services tax (GST) is rolled out. The reason for this is that when we go towards GST we should have a single, uniform rate. That's one year away from now at least as it appears and till the Constitution Bill is passed.

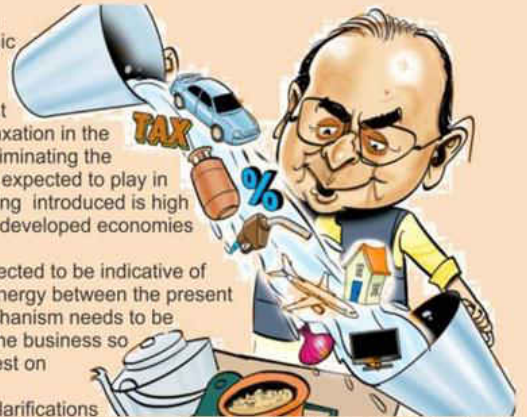
BUDGET'17: REBOOTING INDIA

Amidst economic prospects across the globe, India has posed as a beacon of hope with ambitious growth targets, supported by strategic concepts like 'Make in India', 'Digital India', etc. Contributing to this is also the proposed indirect tax reform i.e. Goods and Services Tax ('GST') which is expected to provide the much needed stimulant for economic growth by transforming the existing basis of indirect taxation in the process enabling free flow of goods within the economy and also eliminating the cascading effect of tax on tax. Given the important role that India is expected to play in the world economy in the coming years, the expectation of GST being introduced is high not only within the country, but also in neighboring countries and in developed economies of the world.

Therefore, the indirect tax announcements in the budget are expected to be indicative of things to come by way of introduction of measures attempting at synergy between the present indirect tax regime and GST. To begin with, the CENVAT credit mechanism needs to be rationalized by reintroducing the concept of input services used in the business so as to achieve the fundamental proposition that burden should not rest on businesses where the tax is on final consumption.

Apart from these, it is necessary for the Government to provide clarifications and/or amendments to settle long drawn disputes. Settlement scheme may be introduced on lines similar to erstwhile Kar Vivad Samadhan Scheme. This will help in reducing carry forward of disputes to the GST regime and in the process enable assesses to concentrate on managing their indirect taxes effectively in the GST regime.

To give a boost to Digital India, the Government should provide necessary sops to promote manufacturing of hardware in India. Also, the much needed clarification to avoid dual levy of State and Central taxes on software should be provided to win confidence of the IT business sector. Thus, the Union Budget has an important task to keep up the positive economic outlook of India by bringing in major indirect tax reforms and addressing business concerns. In addition, the passing of Constitutional Amendment Bill for GST in this budget session, will not only help the Government to set up a positive environment but also will be a giant step towards reinforcing the perception about India as the next investment destination.



GST rollout uncertainty hits Budget 2017 calculations

Uncertainty over the date of the goods and service tax (GST) rollout is posing a dilemma for finance mandarins as they finalize this year's budget.

The original expectation was that the budget would not touch upon excise duties and service tax as they would be rolled into the multiple-rates GST structure, which was to come into being from June 1, 2017.

GST Shadow on Budget

UNCERTAIN SCHEDULE OF GST...	...BUT GOVT HAS TO PRESENT BUDGET ON FEB 1...		
Proposed rollout is from April 1	It has to decide on revenue, deficit estimates	Decide on how to present the indirect tax numbers	Take a call on changes in tax structure
Many issues still to be resolved	A decision likely in the next few days		
Rollout could get pushed to July-September			
THE LIKELY PLAN	Present estimates with existing taxes and structure	Broad indirect tax rates remain unchanged	Some exemptions may be weeded out in line with GST

But with hopes of meeting the June 1 deadline receding, the government will have to quickly take a call on whether it will rejig indirect taxes in the budget to prepare for the launch of GST or leave them as they are till the new regime comes into force.

The final decision could have ramifications on revenue estimates and collections for the next fiscal year as well as the levies imposed on different products and services. According to the GST constitutional amendment passed by Parliament last year, the current indirect tax regime will lapse by September 2017.

Ref: The Economic Times

The Big Picture: Impact of Demonetization

In this single move, the Government has attempted to tackle all the three issues affecting the economy i.e. a parallel economy, counterfeit currency in circulation and terror financing.



announcement and time would have been given, this step might not have been successful in controlling black money and counterfeit currency in circulation coming from Pakistan, Nepal and other countries.

There is no doubt that Prime Minister has pulled out a major coop and substantially enhanced his reputation as a strong leader.

The idea of demonetization is good but it has to be taken into consideration that most of the black money is kept in the form of land, buildings or gold or kept abroad. What is in cash constitutes only 4% of the total amount of black money on which taxes are not being paid. Out of this, a lot of money is in circulation in everyday transaction like if someone is building a house; the bill is not paid through banks for sand, bricks etc. This money goes into the other systems though it has been drawn from bank. These things will come under control with this step.

Demonetization is an established practice in monetary policy to tackle black money. The Prime Minister has explained why this is a financial surgical strike. It was meant to be suddenly implemented. In the past, demonetization has taken place twice but it fails because the idea is to tackle the black money existing in circulation. This is not tackle corruption, the Government is not saying that 100% corruption will be tackled. If

The stock of the black economy constitutes a major part of the GDP is significant. Even if 50% of this amount is withdrawn, the kind of relief that RBI will get on its liabilities and the sort of deposits commercial banks will get will lead to a rise in the deposit and later on there will be decrease in lending rates plus fiscal deficit. The black money in circulation is like a steroid in the economy which keeps the demand going gives a feeling that everything is working well. The problem is that investment is not taking place in the economy and the rate of growth of capital formation is down. The only way to bring this up is to divert more funds into investments which will happen when the cost of capital comes down.

So far, it can be said that this is a historical step and should be supported by all. One should look at the bigger picture which will definitely fetch results in the long term. This is what the people have been asking for a long time which has finally happened.

Ref: The Indian Express

BUDGET ANALYSIS

2017-18

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February 1st, 2017

Dear sir,

Newspapers-addiction to many and a source of info to millions is the theme of our budget booklet this year. Just like newspapers bring the news from across the globe to a common man's doorstep, our budget booklet aims to simply announcements under Union budget 2017 for tax payers, fellow finance professionals and clients.

Amidst mounting expectations for a more transparent analysis of effects of demonetisation, decisive plan for recuperation from the resultant disruptions to the economy and a clear strategy for widening the tax net, the Finance Minister presented Union Budget 2017.



Union Budget 2017 will be remembered for a more realistic approach towards revenue and expenditure and the one resisting populist measures. Govt. abstained from factoring any windfall gains from the potential extinguishment of RBI's liabilities due to demonetisation-lending more credibility to its receipts estimates. Total spends are expected to grow at 6.6%, implying that it will fall to 12.7% of GDP-marking the lowest level since mid-1970s.

While, digitisation and digital economy occupied the centre stage, boost to MSMEs, lower taxes on smaller companies and ban on cash transactions beyond 3 lacs have been some bright spots. Abolition of FIPB would also end approval route for FDI and pave the way for 100% automatic approvals. Ramping up rural spending suggests Govt's strong belief in domestic consumption story.



This budget will also be remembered for the Govt's candid admission of how current tax regime is punitive for honest tax payers. However, though FM suggested that the Govt. wanted to honour honest tax payers, he fell short of announcing any long term relief to salaried employees and marginal tax payers.

Demonetisation and clamp down on black money hoarders before the budget also suggested that the Govt. would come out with a well thought strategy to bring in tax evaders under tax net. However, by reducing tax rate on income below Rs.5 lacs, Govt-just like previous Govts-expressed its dependence on salaried employees for tax collections. The Govt. has surely failed to do a pareto analysis of tax contributors. Nabbing 20% of top tax evaders might have contributed more than 80% of tax revenues.

“Make in India”- which was the theme of the last budget and one of the present Govt's flagship strategy, took a backseat during budget 2017. Govt.also fell short of clearly laying down effects of demonetisation and did not come up with any quantitative data.

Budget 2017- by setting the fiscal deficit target @ 3.2% against market expectations of 3.5% -also paves the way for rate cut by the RBI in next policy review.

Acknowledgment

We sincerely thank our energetic team for their relentless effort in compiling this book, our family for encouragement and of course the Hon. Principal Chief Commissioner of Income Tax, Gujarat for appreciating the initiative.

Your Suggestions are welcome.

Yours Sincerely,

For, Shah Teelani & Associates

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BUDGET BULLETIN

Sr. No.	Particulars	Page No.
(A)	Budget Analysis 2017-18	
	1) Highlights of the Budget	1
	2) Changes in Provisions relating to Business & Profession	3
	3) Changes in Provisions of Deductions u/s 80 & Other	4
	4) Change in Provision relating to Corporate Taxation	5
	5) Changes in Provisions relating to Procedures & Assessment	6
	6) Changes in Provisions relating to Capital Gains	7
	7) Changes in Provisions relating to TDS & Transfer Pricing	8
	8) Changes in Provisions of Service Tax	9
	9) Changes in Provisions of Excise Duty	10
	10) Changes in Provisions of Custom Duty	11
(B)	Goods & Services Tax (GST)	12
(C)	Important Current year provisions	
	1) Tax Structure Rates	14
	2) Provisions relating to Deduction from Total Income	15
	3) Other Deduction u/s VIA	16
	4) Provisions relating to TDS & TCS	17
	5) Provisions relating to Service Tax	18
	6) Useful Charts	20
	7) Depreciation Chart as per Income Tax	21
	8) Depreciation Chart as per Company law	22

Disclaimer:

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(A) BUDGET ANALYSIS 2017-18

1. Highlights of The Budget

- ✓ Tax for Individual assessee between income of Rs. 2.5Lacs to Rs. 5 Lacs reduced to 5%.
- ✓ Surcharge of 10% of tax payable on individual whose annual taxable income is between 50 Lacs to 1 Crores.
- ✓ Cash Expenditure restricted to Rs. 10,000 per day.
- ✓ Donation to Trust and Political Party in cash restricted to Rs. 2000.
- ✓ Threshold for maintenance of books for individuals and HUF increased to 25 Lacs or income to 2.5 Lacs.
- ✓ Domestic transfer pricing applicability has been restricted only if one of the entities is claiming specified profit linked deduction.
- ✓ Presumptive income for cashless transaction reduced to 6% for Cash transaction rate remained unchanged at 8%.
- ✓ Income tax for MSME having turnover below 50 crores reduced to 25%.
- ✓ MAT credit is allowed to be carried forward upto 15 years.
- ✓ Holding period for computing long term capital gains from transfer of immovable property to 2 Years.
- ✓ Base year for calculation of capital gain is shifted from 01.04.2001 from old base year of 01.04.1981.
- ✓ For real estate developer notional rental income will apply only after one year from the end of year in which completion certificate is received.
- ✓ Individual and HUF is now required to deduct TDS @ 5% if rent is paid exceeding Rs. 50,000 a month.
- ✓ TDS on call centre reduced to 2% from 10% u/s. 194J.
- ✓ Late payment fees for delay in filing of return levied, Rs. 5000 for delay upto December and Rs. 10000 for delay in filing return after December.
- ✓ Depreciation provided on Capital asset in cash will be disallowed, Expenditure on specified business restricted in cash to Rs. 10,000.
- ✓ TCS @ 5% in case where PAN is not available.



- ✓ To discourage cash transaction no person shall receive cash amount of Rs. 3 Lacs or more in a single day or in respect of single transaction.
- ✓ Exemption on Long term capital gain on shares as per sec. 10(38) available only if STT is paid at the time of Purchase and Sale of equity.
- ✓ Payment of Advance tax for presumptive taxation for professional amended to one installment only.
- ✓ Time period for revising a tax return is being reduced to 12 Months.
- ✓ Time period for completion of assessments is reduced to 18 Months for Assessment year 2018-19 and Further to 12 Months for Assessment Year 2019-20.
- ✓ Set off loss under the head Income from House Property against any other Head of Income shall be restricted to Two Lacs rupees for any assessment years. Unabsorbed loss allowed to carried forward to 8 Years.
- ✓ Banks allowed to record interest income on receipt basis in case of NPA accounts.
- ✓ Penalty of Rs. 10000 to be levied on professionals for each report or certificate furnishing incorrect information.
- ✓ Startup Companies can carry forward and set off losses even if there is change in shareholding pattern of more than 51% of total voting powers.
- ✓ Any donation made by the Trust to any other trust as a corpus shall not be considered as application of income.
- ✓ Individual entitle to Rebate u/s.87A of Rs. 2500 from his total income, if his income does not exceeds Rs. 350000.
- ✓ Income on sale of Carbon Credit taxable at concessional rate of 10%.
- ✓ Conversion of preference shares into equity of same company shall not be regarded as Transfer and not liable for capital gain.
- ✓ No TDS deduction on income accruing or arising from Insurance Commission if payer gives self declaration in Form 15G/15H.
- ✓ With a view to promote ease of doing business, Government Merge the Authority for Advance Ruling(AAR) for income tax, central excise, custom duty and service tax.
- ✓ Reason to Believe' or 'Reason to Suspect' as the case may be, shall not be disclosed to any person at the time of Search or Survey
- ✓ Excise duty increased on cigarettes and tobacco increased.



2. Changes in Provisions relating to Business & Profession

- ✓ Income Tax on individual assesses having incomes between Rs. 2.5 Lacs to 5 Lacs reduced to 5%.
- ✓ **Surcharge levied @ 10%** of tax payable on individuals whose annual taxable income is between 50 Lacs to 1 Crores.
- ✓ Aggregate amount of **cash payments in a day restricted to Rs. 10,000** as per sec. 40A.
- ✓ Deduction in respect of expenditure on specified business as per Sec. 35AD shall be allowed only if payments made in excess of Rs. 10,000 through account payee cheque.
- ✓ Depreciation and other expenses not allowed as deduction of expenses if such Capital Assets is purchased in Cash.
- ✓ Schedule and Co-operative banks can provide provision for doubtful debts limited to amount not exceeding 8.5% of total income. Limit is enhanced from current 7.5% in order to strengthen the financial position of Banks.
- ✓ Banks as included : schedule banks, co operative banks, primary co-operative agricultural banks and rural bank to allow recording of interest income only on receipt basis in case of NPA Accounts.
- ✓ Professionals carrying on business or profession required to maintain books of accounts if Income from profession in case of Individuals/HUF exceeds Rs. 2.5 Lacs, and income from business of Individuals/HUF if it exceeds Rs. 10 Lacs.
- ✓ Last year's budget increased the threshold limit of presumptive taxation to 2 Crores but Sec. 44AB required to get audited if turnover increases 1 Crores. So in order to uniform the limits of audit requirement as per 44AB and presumptive taxation as per 44AD, amendment made u/s. 44AB to get audited if turnover increases 2 Crores.
- ✓ Under sec. 44AD referring presumptive taxation, Rates of taxes reduced to 6% of total turnover for the banking transaction. However the limit of 8% of presumptive income on total turnover continue to apply if payment received is in cash or any other mode.
- ✓ Notional Income of Rent on unsold stock with Real Estate developers shall be computed after one year from the end of the financial year in which certificate of completion of construction of property is obtained from competent authority. Developer will have sufficient time to sell the finished inventory without burden of taxation.
- ✓ Disallowances u/s. 40(a)(ia)r.w. Sec. 58 shall apply to the Expenses incurred under the Head Income From Other Sources. Previously sec. 40(a)(ia) only covered the expenses incurred under Business transaction and payment to Non-resident only.



- ✓ Profits derived by housing projects providing affordable housing, will be eligible for 100% deduction of income upto five years and carpet area of 30sq mt shall be considered instead of build up area.
- ✓ Amended sec 140A requires the delayed return of income to be filed with the interest and fees together. Fees is as prescribed below:
 - Rs. 5000 if return is furnished after due date but before 31st December of relevant assessment year.
 - Rs. 10,000 if return filed after December of relevant assessment year.
- ✓ To move towards Cash less economy with the aim of reducing generation and circulation of black money, no person can accept cash more than 3 Lacs, subject to
 - In aggregate from a person in a day
 - In respect of a single transaction
 - In respect of transactions relating to one event or occasion from a person.
 - If any person contravenes and accept cash in excess of Rs. 3 Lacs than Penalty shall be equal to amount of such receipt.
- ✓ Penalty of Rs. 10,000 to be levied on professionals for each report or certificate furnishing incorrect information.
- ✓ Startup Companies can carry forward and set off losses even if there is change in shareholding pattern of more than 51% of total voting powers.
- ✓ Start ups may take time to derive profit out of their business, it is proposed to provide that deduction u/s. 80IAC can be claimed in any three consecutive assessment year out of seven years beginning from the year in which company is incorporated.
- ✓ Tax returns can now be revised within 12 months of the end of tax year instead of 24 months from the end of year.

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

- ✓ Payment to employee from NPS Trust on partial withdrawal is exempted to the extent it does not exceed 25% of the contribution made by him.
- ✓ Political party can accept donation by way of issue of Electoral Bond
 - In order to discourage the cash transaction and to bring transparency in Political Party can accept donation in cash maximum uptoRs. 2000 from one person.
 - Political party required to file income tax return mandatorily.
- ✓ List of 80G deduction includes donation made to Chief Minister's relief fund & Lieutenant Governor's Relief Fund.



- ✓ Deduction of Rs. 25,000 under 80CCG of Rajiv Gandhi National Equity Scheme shall not be available after 01.04.2018.
- ✓ Donation to any trust in cash is restricted to Rs. 2,000 instead of Rs. 10,000.
- ✓ Any donation made by the Trust registered under 12AA from the cumulative corpus donation surplus available to any other trust as a corpus to the done trust shall not be considered as application of income.
 - Above amendment made with a view that surplus corpus funds of trust was transferred to corpus fund of other trust without actual applications of funds.
 - Filing in income tax return mandatory for trust irrespective of taxable income exist or not. Previously 12AA trust was not mandatorily required to file return.
- ✓ Contribution to National Pension Scheme rates uniformed to 20% of Gross Total income for both Salaried Employee and Self Employed individual.
- ✓ Individual entitle to Rebate u/s.87A of Rs. 2500 from his total income, if his income does not exceeds Rs. 350000/-

4. Changes in Provisions relating to Corporate Taxation

- ✓ Income tax for MSME having annual turnover below 50 Crores reduced to 25%.
- ✓ With a view to encourage environment protection, Income on sale of Carbon shall be taxable at concessional rate of 10% under new section of 115BBG. Measures taken to encourage environment protections.
- ✓ Widening the scope of sec. 56, GIFT tax is now applicable to all assessee including Companies and Trust, Further covering gifts in both cash and kind by individuals or any other assessee.
 - Gift Received from relatives is exempted, scope of exemptions is extended by including the receipt by certain trusts or institutions and receipt by way of certain transfers not regarded as transfer u/s. 47.
- ✓ As per the existing provisions of section 115BBDA, income by way of dividend in excess of Rs. 10 lakh is chargeable to tax at the rate of 10% on gross basis in case of a resident individual, Hindu undivided family or firm. The Finance Bill 2017 proposes to amend section 115BBDA so as to provide that the provisions of said section shall be applicable to all resident assessee except domestic company and certain funds, trusts, institutions, etc.
- ✓ MAT Credit can be carried forward and set off upto 15 years for both corporate and non-corporate assessee against the old limit of 10 years.



- ✓ For estimating the amount of MAT credit any amount paid as taxes in foreign country (FTC-Foreign Tax Credit) shall be allowed in India against the tax computed under regular provisions. Further, budget clarified the MAT Computation for Ind-AS companies. Fair value gain or loss recorded in P&L on distribution of non-cash assets to shareholders shall be excluded from MAT Computation
- ✓ Entities such as Investor protection fund, core settlement guarantee fund and any board or authority which enjoy exemption under section 10 are required mandatory furnishing of return, earlier they were exempt for compulsory filing of returns
- ✓ Credit of foreign tax paid in case of dispute is allowed as expenditure u/s. 155

5. Changes in Provisions relating to Procedures and Assessments

- ✓ Reason to Believe' or 'Reason to Suspect' as the case may be, shall not be disclosed to any person at the time of Search or Survey. Further, the government amended this section retrospectively from 1st April, 1962.
 - Officers are empowered to carry out search and seizure in respect to any building, place, vessel, vehicle or aircraft not mentioned in the authorization.
 - In case of search for the purpose of protecting the interest of revenue officer may attach provisionally any property belonging to the assessee for the period maximum up to 6 months.
 - Officer can make reference to valuation officer at the time of search also; such reported to be submitted by valuation officer in 60 days.
- ✓ Joint Director/Deputy Director/Assistant director are also authorized to call for the information where no proceedings are pending u/s. 133.
- ✓ As per section 133C, Central Board is empowered for centralized issuance of notice calling for information and documents for the purpose of verifications and outcome thereof will be available to the Assessing officer for necessary action.

Under new section 241A, An officer can withhold refund until completion of assessment, if he has reason where refund may adversely affect the recovery of revenue

- ✓ From the A.Y. 2019-20 and onwards Time limit for making assessment order are reduced as below:
 - Assessment u/s. 143 or 144 reduced from existing 21 Months to 18 Months from the end of relevant assessment year.
 - Completion of Assessment of 147 r.w. 148 reduced to 12 Months from the end of financial year in which notice u/s. 148 is served.
 - Completion of Assessment u/s. 254 or 263 or 264 reduced to 12 Months from the end of financial year in which order received.



- Above amendment will take effect retrospectively from 1st June, 2016.
- ✓ Undisclosed investment earned through undisclosed income and amount of such investment exceeds 50 Lacs rupees, than assessing officer can reopen the assessment to 10 years and not restricted to 6 years.
- ✓ Loss under House Property can be set off against any other income to the extend of Rs. 2 Lacs in same year, remaining loss can be carried forward maximum upto 8 Years.

6. Changes in Provisions relating to Capital Gains

- ✓ Major amendment in calculation of fair market value as per Sec. 48 in capital gain by transfer of Base Year 1981 to 2001. Cost of improvement shall include only those capital expenses which are incurred after 01.04.2001.
 - Calculating the fair value of capital gains based on valuation of 01.04.1981 has become more than three decades old, assessee faced genuine difficulties in computing the capital gains in respect of a capital asset due to non-availability of relevant information for computation of fair market value.
- ✓ Income arising on Transfer of long term equity shares shall be exempt only in case **STT is paid at the time of purchase and at the time of sale of equity shares.**
 - In order to remove the litigation related to the Penny Stock Taxation, section 10(38) amended wherein Sale of Long Term Equity shares is exempt only if STT is paid both at the time of Purchase and Sales of shares.
 - Initially exemption was available if sale of long term shares is chargeable to securities transaction tax.
- ✓ Capital gain exempted on transfer of capital asset Under Andhra Pradesh capital city Land pooling Scheme.
- ✓ Amended sec 45 referring capital gains, will result in tax liability in the hands of the owner in the year in which possession of immovable property is handed over to the developer for development of project. Previously capital gain was liable to the time of execution of agreement.
- ✓ Conversion of preference shares into equity of same company shall not be regarded as transfer therefore not liable to capital gain tax.
- ✓ As per new section 50CA, fair market value of unlisted shares shall be taken as deemed sale value for the purpose of calculation of Capital Gain. This section shall apply when sale consideration is less than the Book Value of unquoted Share.
- ✓ 54EC exemption to the extend of Rs. 50 Lacs was available if capital gain amount is invested in the Bonds issued by NHAI or REC. Now, this section is amended and any bonds as notified by Central Government redeemable after three years is also eligible for exemption.



7. Changes in Provisions relating to TDS & Transfer Pricing

- ✓ CBDT empowered to waive TDS default penalty 271C and 271CA for failure to deduct or collect tax at source to reduce the genuine hardship.
- ✓ As per **new Section 194-IB** Individual or HUF not covered under audit, paying monthly rent in excess of Rs. 50,000 per month will be required to deduct tax at source @ 5% on such amount.
 - Deductor is not required to obtain TAN and liable to deduct tax only once in previous year.
 - Individual covered under audit are required to deduct the tax at the specified rate @ 10% only if such amount exceed Rs. 1,80,000/-
- ✓ **New section 194-IC** levies TDS @ 10% if there is any monetary payment made to the land owner as per the agreement between developer and land owner property.
- ✓ TDS on payments to call centers have been reduced from 10% to 2% u/s. 194J. This will improve working capital available with call centers companies and potentially support companies in their expansion.
- ✓ TDS shall not be deducted if land acquired under Rehabilitation and Resettlement Act 2013 which is exempt in income tax.
- ✓ TDS @ 5% as per section 194LC is extended to rupee denominated bonds along with long term bonds.
- ✓ Interest payable to FIIs and QFI was liable for 5% TDS upto 01.07.2017, date of concessional rate is now extended to 01.07.2020
- ✓ TDS shall not be deducted on income accruing or arising from Insurance Commission if payer gives self declaration in Form 15G/15H.
- ✓ TCS provisions of sec. 206C on sale of Motor Vehicle shall not apply to buyers being Local Authority, Government or Foreign trade representations.
- ✓ New section 206CC to provide that in case no PAN of buyer is available, then TCS will be twice the rate specified or 5%, whichever is higher.
- ✓ Domestic transfer pricing applicability has been restricted only if one of the associates entities is claiming specified profit-linked deduction.



- ✓ In order to align India's transfer pricing provisions with OECD Transfer pricing Guidelines and international best practice new section 92CE inserted.
 - For international transfer pricing after the effect of the Primary adjustment if there is any gain or loss is reduced than excess money due to the Primary Adjustment if not repatriated to India within time shall be termed as loans advanced to foreign associate enterprise
 - TPO is allowed to calculate the notional Income on such Advances.
 - The purpose of this new section is to calculate the notional interest income on amount due to difference in arms length price as declared by assessee and calculated by transfer pricing officer.
- ✓ New section 94B limits interest that can be deducted in computing income of the company
 - In Associate Company there is maximum flow of Royalty and Interest Expenses to the Foreign Associate Companies.
 - With a view to restrict the Interest Outflow to foreign associate companies government restricted the interest expenses claimed by Indian company to 30% of Earning before interest, taxes, depreciation and amortization to interest payable to associate enterprise, whichever is less.
- ✓ With a view to promote ease of doing business, Government Merge the Authority for Advance Ruling(AAR) for income tax, central excise, custom duty and service tax.
- ✓ Gain arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of Indian Company shall be ignored for the purpose of computation of full value of consideration.

8. Changes in provisions relating to Service Tax

➤ Service Tax Changes Applicable from 02.02.2017

- ✓ No changes in rates of service tax. Existing rates are 14% basic along with 0.5% Krishi Kalyan Cess and 0.5% Swatch Bharat Cess.
- ✓ No major announcement regarding implementation of GST.
- ✓ Service provided by IIM to its student for 2 year residential program is now extended to Non-Residential Programs as well.
- ✓ Under regional connectivity schemes of airlines, exemption is being provided in respect to the amount of viability gap funding payable to airline operator for transportation by air in Regional Connectivity scheme airport, for a period of one year from the date of commencement of operations of the Regional Connectivity Scheme airport.



- ✓ Amount of Interest income of Banking and NBFC will be included in the value of exempted service for ascertaining the ineligible credit as per Rule 6 of Service Tax.
- ✓ Transfer of cenvat credit due to Change in Business Legal Entity or due to change in location, than Unutilized credit lying in such transferred entities shall be allowed within 3 months from the date of receipt of applications. Further extensions for a period not exceeding six months is available subject to the approval of Principal Commissioner or Commissioner.

➤ **Service Tax Changes Applicable after Assent of President**

- ✓ The negative list entry in respect of “Service by way of carrying out any process amounting to manufacture of goods excluding alcoholic liquor for human consumption” is proposed to be omitted and same entry is being placed in Mega Exemption Notification. Effectively, job work amounting to manufacture continue to remain exempt from service tax.
- ✓ Rule 2A of service tax has been amended so as to exclude value of property in land or undivided share of land from value of service portion in execution of works contract involving transfer of goods and land or undivided share of land as the case may be.
- ✓ Amendments in Advance Ruling
 - Authority for advance ruling of Income Tax, Central Excise, Customs and Service tax are being merged.
 - Application fee is being increased to Rs. 10,000 from Rs. 2,500
 - To pronounce its ruling within 6 Months.
- ✓ Retrospective exemption from 01.06.2007 for Service Tax on one time upfront payment payable for grant of long term lease of industrial plots.
- ✓ Life insurance to members of Army, Naval and Air Force under Group Insurance Scheme of Central Government is being exempted from levy of Service Tax. Retrospective amendment from 10.09.2004.

9. Changes in Provisions of Excise Duty

- ✓ New Section 23-I provide for transferring of pending applications before the Authority to Advance Ruling to Authority Constituted u/s. 245-O
 - Changes in provisions of advance ruling as in service tax will apply to excise also.
- ✓ Excise Duty increased on various products as follows
 - Cigar, Cigarillos, and Cheroots increased to 12.5% or Rs. 4006 per thousand.
 - Duty on Paper rolled biris – Handmade from Rs. 21 to Rs. 28 per thousand
 - Duty on Paper rolled biris – Machinemade from Rs. 21 to Rs. 78 per thousand



- Chewing Tobacco, Jarda scented and Pan Masala containing tobacco increased from 10% to 12%
- Solar Tempered Glass from Nil to 6%
- Parts for manufacture of LED lights or fixture reduced to 6%
- Miniaturized POS cards and parts reduced to Nil.
- ✓ Excise Duty Reduced on following products
 - Resin and catalyst for Wind operated Energy Generators from 12.5% to Nil.
 - Machinery required for fuel cell based power generating system from 12.5% to 6%
- ✓ Excise tariff rate on motor vehicles amended retrospectively from 01.01.2017 to 12.5% as against the old tariff of 27% for transport of more than 13 persons.
- ✓ Export oriented units are eligible to import or procure raw materials without payment of any Excise and Custom Duty.

10. Changes in Provisions of Custom Duty

- ✓ New section 3A inserted to define beneficial owner as any person on whose behalf the goods are being imported or exported or who exercises effective control over the goods being imported or exported.
- ✓ Bills of entry must be presented before the end of next day following day vessel arrived, in case of failure custom will levy charges for late presentation along with interest payment for bill of entry.
- ✓ New section 30A introduced to provide the details of passenger and crew of a conveyance that enters India from any place outside India, failure to furnish such details in advance is liable for penalty of Rs. 50,000
- ✓ Scope of settlement commission widened , to include any person other than applicant to make an application to the settlement commission.
- ✓ Duty increased on Cashew nut from 30% to 45% and RO Membrane duty increased from 7.5% to 10%
- ✓ Export duty on Other aluminium ores and concentrates increased from Nil to 30%



B. GOODS & SERVICE TAX (GST)

➤ Why GST

- ✓ In India Central government levies taxes such as Excise, Service Tax, Customs Duty And The state governments levy taxes Such as VAT and CST in addition to multiple other levies like Excise on Alcohol, Entertainment Tax, Luxury Tax, Stamp Duty, Octroi, etc.
- ✓ This multi-layered multiple taxation regime leads to (i) an increase in the prices of goods and services (ii) narrowing of the tax base and (iii) dampening of the ease of doing business.
- ✓ GST is proposed to be a comprehensive destination-based indirect tax levy on the manufacture, sale and consumption of goods and services. Main objective is to consolidate multiple indirect taxes into a simple tax, overcoming the limitations of the current indirect tax structure and creating efficiencies in administration.
- ✓ India's biggest tax reform is at the cusp of its legislative birth. We believe implementation of the Goods and Services Tax (GST) would be a boon for India economy. Benefits of GST Would be
 - Would simplify and rationalize taxes
 - Shift trade from the unorganized to the organized segment and
 - Improve efficiency in the system.
- ✓ GST is likely to benefit sectors like FMCG (ex-cigarette & jewelry), auto, cement, light electrical, multiplexes, retail and logistics. However, commercial vehicles, print media, cigarette and jewelry companies would be adversely impacted

➤ GST: India's biggest tax reform

- ✓ The indirect tax regime in India is set for a complete overhaul. GST would simplify and rationalize taxes, shift trade from the unorganized to the organized segment and improve efficiency in the system.
- ✓ GST will be a destination-based tax on a comprehensive base of goods and services across the value chain. It aims to address the complexities in the current multiple taxation regime.
- ✓ Considering the federal structure of government, it will have two components – CGST and SGST. While CGST will be levied and collected by the central government, SGST will be levied and collected by the state government in whose jurisdiction the goods / services are consumed.
- ✓ Four Meetings held so far: Decisions GST Council constituted w.e.f. 12.09.2016
 - Threshold limit for exemption to be Rs. 20 Lakhs. Tax Rates is mentioned below:-
 - Four tax rates namely 5%, 12%, 18% and 28%
 - Some goods and services would be exempt
 - Separate tax rate for precious metals
 - Cess over the peak rate of 28% on specified luxury and sin goods



➤ **Features of Proposed GST Model**

- ✓ Dual Tax Structure Applies to all supplies of Goods/Services made for a consideration except –
 - Exempted Goods/Services – common list for CGST & SGST
 - Goods/Services outside the purview of GST
 - Transactions below threshold limits

SUPPLY	TAX
Within State Supply	CGST (Levied & Collected by Central) SGST (Levied & Collected by State)
Outside State Supply	IGST (Levied & Collected by Central)
Import	BCD IGST (Inplace of CVD and SAD)
Exports	Zero Rated

- ✓ All goods or services likely to be covered under GST except:
 - Alcohol for human consumption - State Excise + VAT
 - Electricity - Electricity Duty
 - Sale/Purchase of Real Estate - Stamp Duty + Property Taxes

➤ **Input Tax Credit & Setoff of Tax Liability.**

Input Tax Credit	Set off Against liability of
CGST	CGST & IGST
SGST	SGST & IGST
IGST	IGST, CGST & SGST

- Please note that CGST and SGST cannot be set off against one another

➤ **Returns under GST**

Forms	Return Type	Due Date	Late/filing fees/Panalty
GSTR-1	Outward Supplies Return (Sec. 25)	10 th of Next Month	Rs 100Per day (max- Rs 5000)
GSTR-2	Inward Supplies Return (Sec. 26)	15 th of Next Month	
GSTR-3	Monthly Return (Sec. 27)	20 th of Next Month	
GSTR-4	Person who Opted Composition scheme u/s 8(Sec.27)	18 th of Next Month from the end of Quarter	
GSTR-7	Person Paying TDS U/s 35 (Sec. 27)	10 th of Next Month	
GSTR-6	Input Service Distributor (ISD) (Sec.27)	13 th of Next Month	
GSTR-8	Annual Return	31 st December of following year	Rs 100per day (max 0.25% of turnover)

- ✓ If tax due is not Paid, return will be treated as invalid return
- ✓ NIL return will be required to file.
- ✓ No rectification can be made after 20th October of next financial year or date of filing of annual return whichever is earlier.



(C) IMPORTANT CURRENT YEAR PROVISIONS FOR F.Y. 2016-17**1. Tax Rate Structure for the A.Y. 2017-18****1) Tax Rates for Individual, HUF, AOP, BOI**

Category	Exemption Limit	10%	20%	30%
Individual/HUF, AOP, BOI	2,50,000	2,50,000 to 5,00,000	5,00,000 to 10,00,000	Above 10,00,000
Senior Citizen (Age 60 to 80)	3,00,000	3,00,000 to 5,00,000	5,00,000 to 10,00,000	Above 10,00,000
Super Senior Citizen (Age Above 80)	5,00,000	NIL	5,00,000 to 10,00,000	Above 10,00,000

Note:-

- ✓ If Total Income of Assessee Exceeds 1 Crore additional Surcharge on tax @ 15% will be applicable.
- ✓ Additional Education Cess of 3% shall be levied on income tax charged.
- ✓ Rebate u/s. 87A of Rs. 5000 for individual if total income is less than Rs. 5 Lacs.

2) Other Assesseees

Sr. No.	Total Income	Rate of Tax (%)	Rate of MAT (Base Rate- 18.5%)
1	Tax Rates for Domestic Co. – Base Rate 30%		
	Upto ₹ 1 Crore	30.90	19.05
	From ₹ 1 Crore to ₹10 Crores (Surcharge 7%)	33.06	20.39
	Exceeding ₹ 10 Crores (Surcharge 12%)	34.61	21.34
2	Tax Rates for Foreign Co. – Base Rate 40%		
	Upto ₹ 1 Crore	41.20	19.05
	From ₹ 1 Crore to ₹10 Crores (Surcharge 2%)	42.02	19.44
	Exceeding ₹10 Crores (Surcharge 5%)	43.26	20.01
3	Tax Rates for Others – Base Rate 30%		
	Firms/LLP's/Local Authorities		
	Upto ₹ 1 Crore	30.90	19.055
	Above ₹ 1 Crore (Surcharge 12%)	34.61	21.34

- ✓ Tax Rate shall be 29% if turnover or gross receipts of the company doesn't exceed Rs. 5 Crores in F.Y. 2014-15.

3) Tax Audit Limit for Business and Profession.

Particulars	Business	Professional
Audit Not Required	i) Turnover is less than 2 Crores &	i) Gross Receipts less than 50 Lacs &
	ii) Net Profit is 8% of turnover or more	ii) Net Profit is 50% of Gross Receipts or more
Audit Required	i) Turnover Exceeds 2 Crores &	i) Gross Receipts More Than 50 Lacs &
	ii) Profit is less than 8% of Turnover	ii) Net Profit is less than 50% of Gross Receipts



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/HUF, payment should be made in the name of following persons: ✓ Individual / Spouse / Any child. 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/HUF, payment should be made in the name of following persons: ✓ Individual / Spouse / Any child.
Investment in National Saving Certificate (NSC)	For Individual and HUF.
Investment in Mutual Fund.	For Individual and HUF.
Tuition Fees.	For Individual only. ✓ 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. ✓ 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 NADARD. ✓ Certain Pension fund/ notified Pension Scheme of Central Govt. ✓ Time Deposit under Post Office (5year).	For Individual only.
Deposit in Sukanya Samruddhi Account	For Individual and HUF.
Investment in Infrastructure Bonds as notified	For Individual and HUF.
Account under Senior Citizen Saving Scheme 2004 (SCSS)	For Individual only
Any sum paid as subscription to any scheme of:- ✓ Company engaged in providing long term finance for houses in India. ✓ Housing Board constituted in India for the purpose of Development of Cities/towns.	For Individual and HUF.



3. Following Other Deductions are available under Schedule - VIA.

80CCD (1B)	Additional Deduction for Contributed to NPS (Note: Deduction Over and above 80 /CCC/CCD of ₹ 1,50,000)	Up to ₹ 50,000
80CCG	Rajiv Gandhi Equity Saving Scheme (RGESS) – Applicable only to New Retail Investor.	50% of Investment or ₹ 25,000 whichever is lower
80D	Medical Insurance ✓ Individual/Senior Citizen	₹ 25,000/30,000
80DD	Medical Treatment(handicapped) ✓ Permanent Disability/SevereDisability	₹ 75,000/1,25,000
80DDB	Medical Expenditure Specific Diseases ✓ Non Senior Citizen ✓ Senior Citizen/Super Senior Citizen	₹ 40,000 ₹ 60,000/80,000
80E	Interest on Loan for Higher Studies	Actual Interest on Loan
80EE	Deduction on Interest on Housing Loan (Single Home) and Loan amount is below 35 Lacs	₹ 50,000
80G	Deduction for Donation up to either 100% or 50% With/Without restriction of 10% of GTI	Depending upon type of donation
80GG	Deduction on House rent Paid.	Lower of:- ✓ Rent Paid Less 10% of Total Income. ✓ ₹ 5,000 Per Month. ✓ 25% of Total Income.
80GGA	Donation to scientific research or rural development.	Actual Amount
80GGB	Deduction of Contribution to Political Parties or Electoral Trust by Companies.	Actual Amount
80GGC	Deduction of Contribution of Political Parties or Electoral Trust by Individuals.	Actual Amount
80TTA	Deduction of Interest on Saving A/c	₹ 10,000
80RRB	Income Received by way of Royalty in Respect of Patent.	₹ 3,00,000/- or income Received whichever is less
80QQB	Income Received By way of Royalty or Copyright.	₹ 3,00,000/- or income Received whichever is less
80U	Deduction for Disabled Person ✓ Physical Disability / Severe Disability.	₹ 75,000/1,25,000

➤ Deductions to Start-Up Companies:-

- ✓ Sec.80IAC provides 100% deduction of income to the Eligible Startup Companies for 3 assessment years. Eligible Startup shall be companies or LLP incorporated between April, 2016 to March, 2019, subject to fulfillment of other conditions as specified in the section.
- ✓ Sec. 54GB provides exemption for long term capital gain on sale of residential house, if the net consideration is invested in subscription of equity shares of Eligible Start-up Companies.



4. Rates & Exemption limit of TDS & TCS

Sec.	Nature of payments made to resident	Threshold Limit (In ₹)	Company, Firm, Co-op Soc	Individual HUF
192A	Pre Mature withdrawal from EPF	50,000	10	10
194	Deemed Dividends	-	10	10
194A	Interest paid by Banks	10,000	10	10
	Interest paid by Others	5000	10	10
194B	Winning from lotteries / Crossword Puzzle	10,000	30	30
194BB	Winnings from horse race	10,000	30	30
194C	Payment to Contractors:-			
	- Single transaction	30,000	2	1
	- Aggregate during FY	1,00,000	2	1
194D	Insurance commission	15,000	5	5
194DA	Maturity of Insurance Policy	1,00,000	1	1
194F	Repurchase units by MFs	1,000	20	20
194G	Commission – Lottery	15,000	5	5
194H	Commission/ Brokerage	15,000	5	5
194I	Rent Land / Building	1,80,000	10	10
	Rent Plant/ Machinery	1,80,000	2	2
194IA	Transfer of Immovable Property, other than Agriculture Land	50,00,000	1	1
194J	Professional Fees	30,000	10	10
194LA	Compensation on Property other than Agriculture Land	2,00,000	10	10

➤ TCS Description & Rates

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 Jewelry	1
Cash Purchase for Bullion exceeding ₹ 2 Lacs & Jewellery exceeding ₹ 5 Lacs	1
Cash Purchase for any Goods/Services Exceeding ₹ 2 Lacs	1
Motor Vehicle of value Exceeding ₹ 10 Lacs	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.



➤ Various Important dates for TDS & TCS

Due Dates of Payment of TDS & TCS	
Tax Deductible between April to February	7 th of next month.
Tax Deductible in March	30 th April.
Due Dates for Filing TDS & TCS Return	
Period	Date of Filing
For 1 st Quarter ending on 30 th June	30 th July
For 2 nd Quarter ending on 30 th September	31 st October
For 3 rd Quarter ending on 31 st December	31 st January
For 4 th Quarter ending on 31 st March	31 st May

5. Provisions relating to Service Tax

➤ Payment of Service Tax :

Category of Assessee	Periodicity of Payment	Due Date
Individuals, Proprietary Concern or Partnership Firms	Quarterly	6 th of Next Month of Quarter Ended.
Others (i.e. Company, AOP, Trust etc.)	Monthly	6 th of Next Month

Notes:

- ✓ For the payment due in the month of March, date of payment is 31st March.
- ✓ From 1st June, 2016 rate of Service Tax increased to 15% which includes 0.5% Krishi Kalyan Cess.
- ✓ Returns are to be filed on 25th day of the month following the end of Half Year.

➤ Rate of Interest on delayed payment of Service Tax

Interest Calculation	Rates of Interest
Service tax Collected & Not Paid	24% p.a.
Service tax Not Collected & Not Paid	15% p.a

Note:- 3% Concession in Interest Rate for assesses having turnover upto ₹ 60 Lakhs.

➤ Brief Penalties Under Service Tax

Sec.	Nature of Default	Amount of Penalty
Sec. 70	Penalty for Late Filing of Returns:- <ul style="list-style-type: none"> ✓ Delay upto 15 Days. ✓ Delay more than 15 Days upto 30Days. ✓ Delay of More Than 30 Days 	₹500 ₹1,000 ₹1,000 + ₹100 for each day but not exceeding ₹20,000
Sec. 76	Failure to Pay Service Tax	<ul style="list-style-type: none"> ✓ Max. 10% of Service Tax Amt. ✓ Nil if Service Tax + Interest Paid within 30Days of SCN. ✓ 25% of penalty if service tax + Interest + Penalty



➤ **Service Tax Abatement Rate Charts:-**

Type Of Services	Particulars	Taxable Portion	Effective Rate
TRANSPORTATION	Goods Transport Agency	30%	4.50%
	Goods Transport by Rail	30%	4.50%
	Passenger Transport by Rail	30%	4.50%
	Passenger by Air ✓ Economy Class ✓ Other than Economy Class	40% 60%	6.00% 9.00%
	Passenger by a contract carriage other than motor cab & a radio taxi	40%	6.00%
	Goods in vessel	30%	4.50%
	SUPPLY OF FOOD & DRINK	By Restaurant	40%
By Outdoor Caterers		60%	9.00%
In Hotel, Convention, Pandal, Shamiana Etc		70%	10.50%
TOURS & TRAVELS (Upto 21st January, 2017)	Accommodation in Hotels, Inns etc	60%	9.00%
	Package Tours	30%	4.50%
	Booking of hotel accommodation	10%	1.50%
	Renting of motor cab	40%	6.00%
TOURS & TRAVELS (After 22nd January, 2017)	Accommodation in Hotels, package tours and Booking of Hotels all are included as single taxable service	60%	9.00%
CONSTRUCTION	Construction of Residential and Commercial Complex	30%	4.50%
WORK CONTRACT	Original works	40%	6.00%
	Maintenance, Repairs, Restoration etc & not covered in above	70%	10.50%
FINANCIAL LEASING	Financial leasing including hire purchase	10%	1.50%

➤ **Service Tax Reverse Charge Mechanism Rate Charts:-**

Sr.No.	Description of Services	Service Provider	Service Receiver
1.	Import of Service	Nil	100%
2.	Work Contract	50%	50%
3.	Supply of Manpower and Security Service	Nil	100%
4.	Renting of Passenger Vehicle	Nil 50%	100% 50%
	- With Abatement		
	- Without Abatement		
5.	Support Service by Govt	Nil	100%
6.	Director Remuneration	Nil	100%
7.	Legal Service	Nil	100%
8.	Arbitral Tribunal	Nil	100%
9.	Sponsorship Service	Nil	100%
10.	Goods Transport Agency (GTA)	Nil	100%
11.	Insurance Commission	Nil	100%
12.	Service of Recovery Agent	Nil	100%
13.	Service of Mutual Fund Agent or Distributor	Nil	100%
14.	Service of Selling or Marketing Agent of Lottery Ticket	Nil	100%
15.	Service Involving an Aggregate in any Manner	Nil	100%



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	2015-16	1081
1989-90	172	1998-99	351	2007-08	551	2016-17	1125

➤ 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, 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.

➤ Capital Gain – Sec. 54 Exemption

Sec.	Assets Sold	Assets Purch.	Time Limit	Exemption Amount
54	Residential House	Residential House	<ul style="list-style-type: none"> ✓ 1 Year Before or ✓ 2 Year After Sales. ✓ For Under Construction within 3 years 	Actual Amount Invested in new asset Benefit Available to ✓ Individual/HUF
54F	Long Term other Than Residential House	Residential House	<ul style="list-style-type: none"> ✓ 1 Year Before or ✓ 2 Year After Sales. ✓ For Under Construction within 3 years 	Net Consideration amount in new asset Benefit Available to ✓ Individual/HUF
54B	Agriculture Land	Agriculture Land	✓ Purch. Within 2 years of sale	Actual amount invested in new land. Benefit Available to ✓ Individual/HUF
54EC	Any Long term Asset	Bonds of NHA I or REC	✓ Investment within 6 Months	Max. Exemption is ₹ 50 Lacs. Benefit Available to ✓ Any Assessee



➤ 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) Factory Building & building other than RCC Frame Structur.	30 Years	3.17%	9.50%
(c) Fences, wells, tube wells	05 Years	19.0%	45.07%
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	25 Years	3.80%	11.29%
(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%
- Plant and Machinery except direct fire glass melting Furnaces- recuperative and regenerative glass melting furnaces	13 Years		
- Plant and Machinery except direct fire glass melting furnaces - Moulds [NESD]	8 Years	11.88%	31.23%
- 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 Years	9.50%	25.89%
VIII. Bridges & Roads			
(a) Bridges, culverts, bunders, etc	30 Years	3.17%	9.50%
(b) Carpeted Roads- RCC	10 Years	9.50%	25.89%
(c) Non-Carpeted Roads	3 Years	31.67%	63.16%
IX. Ships			
(a) Ocean Going Ships	25 Years	3.80%	11.29%
(b) Bulk Carriers and liner vessels	20 Years	4.75%	13.91%
X. Aircrafts & Helicopters	20 Years	4.75%	13.91%
XI. Laboratory Equipments			
(a) General Laboratory equipments	10 Years	9.50%	25.89%
(b) Equipments used in Educational Institutions	5 Years	19.00%	45.07%



#Budget2017
10 Themes of Union Finance Minister's Budget Speech

- Farmers**
for whom Govt. has committed to double income in five years
- Youth**
Energizing them through education, skills and jobs
- Infrastructure**
for efficiency, productivity and quality of life
- Public Service**
Effective Governance and Efficiency of service delivery through people's participation
- Prudent Fiscal Management**
to ensure optimal deployment of resources and preserve financial stability
- Rural population**
providing Employment and basic Infrastructure
- Poor and under-privileged**
Strengthening the system of social security, health care and affordable housing
- Financial sector**
growth and stability through stronger institutions
- Digital Economy**
for speedy accountability and transparency
- Tax Administration**
Honouring the Honest

“Nayi duniya hai, naya daur hai, nayi hai umang, Kuchh thay pehle ke tareeke, to kuchh hai aaj ke rang dhang, Roshni aake andheron se jo takraai hai, Kaale dhan ko bhi badalna pada aaj apna rang.”



Union Budget 2017-18

Rupee comes from

Borrowings and Other Liabilities: 19p	Non-debt Capital Receipts: 3p
Corporation Tax: 19p	Non-tax Revenue: 10p
Income Tax: 16p	Service Tax & Other Taxes: 10p
Customs: 9p	Union Excise Duties: 14p

Rupee goes to

Centrally Sponsored Scheme: 10p	Other Expenditure: 13p
Central Sector Scheme: 11p	States' Share of Taxes & Duties: 24p
Interest Payments: 18p	Finance Commission and Other Transfers: 5p
Defence: 9p	Subsidies: 10p

Source: Union Budget 2017-18 documents
PIB/KBK

Tax Collections

Legend: 2015-16 (Actuals), 2016-17 (Revised Estimates), 2016-17 (Budget Estimates), 2017-18 (Budget Estimates)

Category	2015-16 (Actuals)	2016-17 (Revised Estimates)	2016-17 (Budget Estimates)	2017-18 (Budget Estimates)
Gross Tax Revenue	1455648	1630888	1702843	1811379
Income Tax	287637	353174	33174	441255
Corporation Tax	453228	493924	493923	538745
Customs	210138	230000	217000	245000
Union Excise Duties	288073	318669	387369	406900
Service tax	211414	231000	247500	275000

Source: Budget 2017-18 documents
Press Information Bureau



“ The FM insured Indian economy remains in Growth path, The record expenditure on infra will surely be growth booster. The FM has also accorded the much-needed thrust on agri and rural development. The Lower tax rate of 25% will give SMEs additional liquidity for growing business.



Mr. KUNTAL SHAH
Builder

“ The Budget seemed to more on words than figures. Words he expressed during his speech convey his intension to shift focus from urban area to rural area particularly in favour of rural population & farmers. In his figure work he pleased tax payers having an income of Rs.5.00 lacs and MSMEs. Customs Duty and excise duty underwent some cosmetic changes in both ways i.e. up and down. Service remained untouched. This conveys that one can expect more after GST.



Mr. BABU EZHUMAVIL
Consultant

“ Major breakthrough by having transparency in political party funding. Lower taxation to MSME companies will benefit larger section. Reforms are declared to simplify, rationalize and amalgamate various government procedures. Major emphasis on utilization of budgetary funds.



Mr. KAUSHAL ANAND
Doctor

“ Boost to MSMEs, lack of decisive action plan against black money hoarders and corrupt, candid acknowledgement of tax burden on salaried persons, very little relief to honest tax payers and more and more talks about penalising the tax evaders is what this budget has all been about. A lot more was expected from the FM. A few bright spots have been focus on cashless economy, lower fiscal deficit target, strengthening make in India strategy.



Ms. DISHA SHETH
Interior Designer

“ A try to mitigate post demonetization work with some rural schemes and reduction in taxation in lower income people.

- Mr. RAJENDRA KUMAR SHAH, Busniessman

TRANSPARENCY IN POLITICAL FUNDINGS

Ahmedabad. The Union Budget for 2017-18, presented by the Hon. Finance Minister Shri Arun Jaitley is an overall favorable budget as steps have been taken to promote growth of agriculture, infrastructure, MSMEs sectors and the rural economic development.

youth & women empowerment, innovation and promotion of digital economy. The steps taken to bring more transparency in funding of political parties and law to confiscate assets of economic defaulters are appreciable. Some initiatives to curb increasing sickness among existing industrial units were expected which have not been considered.

I appreciate the changes in personal tax rates, simplification of filing forms for small tax payers and MSMEs, and boost provided to tourism, affordable housing, skill development,

On a whole, it is a forward looking budget aimed at inclusive development.

Mr. BIPIN R PATEL
President

Gujarat Chamber of Commerce & Industry

DIGITALIZATION OF INDIA

Anand. I believe proposed Budget is more focused on enhancing digital infrastructure, capping cash transactions, enable more digital payments and benefitting the Small Industries and small tax payers. It can be considered a progressive budget. Proposal for reduction in cash donations from Rs. 20,000/- to political parties is a welcome measure.

Mr. DATTANAND D HERANJAL
Chief Finance Officer
Amul Dairy

CRUB THE BLACK MONEY & CORRUPTUION

Gandhinagar. Major focus on utilisation of budgetary funds for subsidy and other government schemes. Government Finance Bill emphasizes on removal of corruption and to curb black money in the economy. Efforts are made for promotion of digital transactions. Health care reports of senior citizen linked with Aadhar Card a major healthcare development.

Mr. Mayank Mehta
Dy. Manager
The Centre for Entrepreneurship Development

MASSIVE INFRA PUSH

Gandhinagar. Budget shows the vision of our PM. Infrastructure Industries like, Road, Railways, Housing, Ports, Aviation, etc are the focus sector. FM has allocated Rs. 3.96 trillion for Infrastructure which will spur the economic activity and creates more jobs.


I am confident that, Gujarat will play a role of captain of Indian States as Gujarat has good basic infrastructure including Digital infrastructure, good industrial policy which will lead towards becoming Defense and Export Hub.

Mr. SIDDHARTH BHATT
Chief Finance Officer
Dholera Industrial City
Development Limited

BUDGET'17: BOOST FDI

Gandhinagar. The government announced key reform measures including abolition of the Foreign Investment Promotion Board (FIPB), cleaning up of the electoral funding process and a sharp cut of 5 percentage points in the tax rate for MSME sector. Abolition of FIPB means no sector under the approval route and everything under the automatic route. This is a welcome move and will further boost FDI. Thrust to digital economy will open new avenues for financial services and IT companies and would also bring in more transactional transparency in long term.

Mr. AVICHAL KHERA
Chief Finance Officer
GIFT City



GOVT. OF INDIA
OFFICE OF THE
PRINCIPAL CHIEF COMMISSIONER OF INCOME-TAX
GUJARAT

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To
Shri Jinesh Shah & Shri Jitendra Teelani
Shah Teelani & Associates
Chartered Accountants
E-315, Sumel Business Park - 3,
Opp New Cloth Market,
Sarangpur
Ahmedabad

Sirs,

I, appreciate and commend the manner in which highlights of Union Budget for F.Y. 2017-18 are presented by Shah Teelani & Associates, Chartered Accountant Firm. Glimpse of this Booklet - The Budget Times - enables us to have the brief idea of the budget, fiscal policy and changes in taxation provisions.

I wish M/s Shah Teelani greater success in time to come.

Yours Sincerely,

Sd/-
(B.D. GUPTA)
Pr. Chief Commissioner of Income Tax, Gujarat,
Ahmedabad.

Union Budget 2017: Tec-India

"Transform - Energise - Clean Budget"

Ahmedabad. The government focuses on digital theme. We expect to see larger merchant ecosystem for e-payments with massive encouragement through the use of tax benefits, merchant incentive and ability to get unsecured loans.

The thrust of e transactions will increase the size of the formal economy. The tax measure aimed at improving mobilization by broadcasting the tax based improving IT administration. The government focused on cleaning the economy, along with transparency and governance.

The most distinctive part of the Budget Speech was the Finance Minister detailed, data driven explanation of how India is largely a non-tax compliant country. Its shocking that 1.48 Lakhs bank accounts saw an average of 3.3 Crores of cash deposits each during demonetization and yet there are mere 1.7 Laks people in country who file return income more than 50 Lacs. FM try to make huge efforts to expand the direct tax base. Concerns of a liquidity crunch are also moderating as a substantial part of the demonetized currency is being replaced with new notes.



Overall budget presented stable tax regime which helps to generate positive investor sentiments and attracts domestic and foreign investments. Budget captured multiple areas to promote sector by Encouraging Investment, Improving buyer demand, Rural and MSME Development and Assisting Weaker segment. More focus remains on boosting public investment and keeping expenditure in check, rather than handouts. Further Plans to enhance rural spending, focus on infrastructure development and social sector investments, combined with growth opportunities for the youth, will help boost economic growth. India has been a bright spot in what has, otherwise, been a bleak global economic environment. We stand at what could be a great inflection point for our economy. A slew of reforms being undertaken by the government, in conjunction with a focus on expanding rural and infrastructure spending in this year's Budget, will create a favourable environment to provide the necessary elevation to the economy.

CA JINESH SHAH
CA JITENDRA TEELANI
(Shah Teelani & Associates)



What the U.S. can learn from India's move toward a cashless society

Silicon Valley fancies itself the global leader in innovation. Its leaders hype technologies such as bitcoin and blockchain, which some claim are the greatest inventions since the Internet. They are so complex that only a few mathematicians can understand them, and they require massive computing resources to operate — yet billions of dollars are invested in them.

India may have leapfrogged the U.S. technology industry with simple and practical innovations and massive grunt work. It has built a digital infrastructure that will soon process billions more transactions than bitcoin ever has. With this, India will skip two generations of financial technologies and build something as monumental as China's Great Wall and America's interstate highways.

India's challenge was to provide everyone with a bank account. Its government sanctioned the opening of 11 institutions called payment banks, which can hold money but don't do lending. To motivate people to open accounts, it offered free life insurance with them and made them a channel for social-welfare benefits. Within three years, more than 270 million bank accounts were opened, with \$10 billion in deposits.

And then India launched its Unified Payment Interface (UPI), a way for banks to transfer money directly to one another based on a single identifier, such as the Aadhar number.

With a system such as UPI, the billing processor is eliminated, and transaction costs are close to zero. The mobile phone and a personal identification number take the place of the credit card as the authentication factor. All you do is to download a free app and enter your identification number and bank PIN, and you can instantly transfer money to anyone — regardless of which bank he or she uses.

India has just introduced another innovation called India Stack. This is a series of secured and connected systems that allow people to store and share personal data such as addresses, bank statements, medical records, employment records and tax filings, and it enables the digital signing of documents. The user controls what information is shared and with whom, and electronic signature occurs through biometric authentication.

Nobel Prize-winning economist Joseph Stiglitz said at the World Economic Forum meeting in Davos, Switzerland, that the United States should follow Modi's lead in phasing out currency and moving toward a digital economy, because it would have "benefits that outweigh the cost." Speaking of the inequity and corruption that is becoming an issue in the United States and all over the world, he said: "I believe very

A TAX & FINANCE RELATED UTILITY FOR INDIAN TAX PAYERS



- Know your PAN, TAN, TIN
- Know your Company Information, Signatory Details, Index of Charge
- Know your ITR Filing Status and ITR Refund Status
- Important Taxation Related Charts
- Important Due Dates and Push Notification Reminding you to pay your taxes
- Calculators to check your EMI, Capital Gain, Advance Tax, Interest or Compare Loans
- Important News



strongly that countries like the United States could and should move to a digital currency so that you would have the ability to trace this kind of corruption. There are important issues of privacy, cybersecurity, but it would certainly have big advantages."

USA may not ready to become a cashless society, but there are many lessons that Silicon Valley and the United States can learn from the developing world.



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This budget 2017-18 handout provides general information on budget 2017-18 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

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