<u>Budget Highlights:2015</u>

- No Change in Rate of Taxes, Surcharges and Education Cess.
- Restrict the disallowance of expenditure on account of **<u>non-deduction of tax at source</u>** or payment thereof **<u>to 30% of the expenditure.</u>**
- Deductor shall be allowed to claim deduction for payments made to non-residents in the previous year of payment, **<u>if tax is deducted during the previous year</u>** and the same is paid on or before the **<u>due date specified for filing of return under</u>** section 139(1) of the Act.
- Expenditure on Corporate Social Responsibility ('CSR') not deductible under Section 37(1).
- Rate of tax on long term capital gains arising from transfer of units Mutual Funds, other than equity oriented funds, from 10% to 20%.
- TDS @ 2% to be deducted from payments made to residents under the life insurance policy which are not exempt by virtue of Section 10(10D) further no deduction shall be made where the aggregate amount of such payments to the payee during the Financial Year is less than Rs. One Lakh.
- Increase in investment limit under Section 80C from Rs.1,00,000/- to Rs.1,50,000/-
- The tax exemption limit for health insurance was increased from Rs 15,000 to Rs 25,000.
- Deduction for Interest on loan taken for acquiring self-occupied house property raised from Rs.1,50,000 to Rs.2,00,000/-
- The tax exemption limit for contribution to the National Pension Scheme was raised from Rs 1,00,000 to Rs 1,50,000

- The deduction limit of Rs.60,000 towards expenditure on account of specified diseases of serious nature is proposed to be enhanced to Rs.80,000 in case of very senior citizens.

- Additional deduction of Rs.25,000 will be allowed for differently abled persons under Section 80DD and Section 80U of the Income-tax Act.

- The transport allowance for salaried, which currently stands at Rs 800 per month was increased to Rs 1,600 per month

- 100% deduction for contribution to Swachh Bharat, Clean Ganga projects

- Additional 2% surcharge on people earning over Rs 1 cr.

- Surcharge for Domestic Company having Income exceeding 1 cr and upto 10 Cr is @7 % & Company having income above 10 Cr is @ 12%

- Wealth tax abolished

- corporate tax is proposed to be reduced from 30% to 25% over the next four years

- Direct Taxes Code (DTC) dropped

- Permanent Establishment (PE) norm will be modified to encourage fund managers to relocate to India. GAAR implementation deferred by 2 years to April 2017

- Quoting of PAN is being made mandatory for any purchase or sale exceeding the value of Rs.1 lakh.

- Strengthening mechanism of Advance Pricing Agreement (‘APA’)-92 CC – Roll Back Concept Introduced.

- Rate of income tax on royalty and fees for technical services will be reduced from 25 per cent to 10 per cent

- Rationalization of definition of “Deemed International Transaction – 92B(2)

- To introduce range concept for determination of arm's length price to align Transfer Pricing regulations in India with the best available practices;

- To allow use of multiple year data for comparability analysis under transfer pricing regulations;

- To enable resident taxpayers to obtain an advance ruling in respect of their income tax liability above a defined threshold.

- Service Tax rate hiked to 14%, from 12.36%

- The general rate of central excise duty of 12.36 per cent including the cesses will be rounded off to 12.5 per cent

- Time limit for CENVAT credit on inputs and input services to be increased from 6 months to one year

- GST will put in place state of art indirect tax system by April 1 2016
- Domestic transfer pricing threshold limit increased from Rs 5 crore to Rs 20 crore

- The Finance Minister proposed to create a Micro Units Development Refinance Agency (MUDRA) Bank, with a corpus of Rs. 20,000 crore, and credit guarantee corpus of 3,000 crore, which will refinance Micro-Finance Institutions through a Pradhan Mantri Mudra Yojana

- unclaimed deposits of about Rs. 3,000 crores in the PPF and approximately Rs.6,000 crores in the EPF corpus

- Trade Receivables Discounting System (Treds) An Electronic Plateform For Financing Of Trade Receivables Of MSMES.