BUDGET 2016 HIGLIGHTS

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A. AMENDMENTS

☑ **Companies Act**

- ***Amendment in budget session for ease of doing business including single day registration.***

☑ **Financial Sector**

- RBI Act for constitution monetary policy panel.
- Debt Recovery tribunals to have computerized processing of court hearings.
- SARFAESI Act to enable,
  - sponsorer of ARC to hold 100% stake in ARC .
  - non-institutional investor to invest in securitization receipts.

☑ **Tribunals Benches**

- Increase in number of ITAT & CESTAT benches.
- SEBI Act to increase number of SAT benches.
- ITAT (single member) bench appeal limit ↑ to 50L (prev. 15L)

☑ **New Legislations**

- Dealing with Fraudulent Deposit taking schemes.
- On Bankruptcy & Insolvency.
- GAAR to be become effective on 01/04/2017.
- Giving AADHAR statutory backing.

B. FDI - SUMMARY

Sector	Limit	Route
Insurance	49%	Auto
Pension	49%	Auto
FPI investment limit in CPSEs	49%	Auto
Asset Reconstruction	100%	Auto
Marketing of food products manufactured in India	100%	FIPB

C. START-UP INDIA

- 1500CR allocated for start-up India
- 2 Projects per category to be funded by each Bank Branch

D. TAXATION

☑ **Major Relaxations:-**

- Rented house deduction (88G) ↑ to 60K (prev. 24K)
- Tax rebate u/s 87A for Income under 5L, ↑ to 5K (prev. 2K)
- 100% exemption to start-ups for 3 out of 5 yrs.(subject to MAT)
- Corp. tax of 29% (for turnover ≤ 5CR)
- LTCG benefit eligibility (Unlisted Cos.) period ↓ to 2yrs. (prev. 3yrs)
- Presumptive taxation :-
  - Non-Professionals- turnover limit ↑ to 2CR (prev. 1CR), deemed profit 8%
  - Professionals – Gross receipts limit of 50L, deemed profit 50%
- NBFC – 5% deduction in respect of provision of bad & doubtful debts

☑ **Major Burdens:-**

- ***Krishi Kalyan Cess of 0.5% on all taxable services***
- Annual Return to be filed by service tax assessee beyond certain threshold
- ***Recipient business entities shall be liable to pay service tax on services received from Government or local authorities***
- STT on options ↑ to 0.05% (prev. 0.017%)
- ***W.E.F. 01/06/16 advance tax provisions applicable on presumptive assesses u/s 44AD***
- Surcharge on income of ≤1CR ↑ to 15% (prev. 12%)
- ***Condition for claiming capital gain exemption on Conversion of Company →LLP increased*** (Apart from existing conditions, total value of the assets in the books of Co. in any of three preceding years ≤ 5CR)
- Over & above DDT, tax @ 10% on resident individual, firm or HUF, if dividend (excluding deemed dividend) recd. ≥10L
- Exemption on services by senior advocates to an advocate or firm of advocates withdrawn

☑ **Other Taxation Reforms:-**

- ***Notices & documents may be issued by IT authorities in e-form also.***
- ***W.E.F. 01/06/16, Advance Tax due dates & instalments <u>for all assesses</u>*** will be as under:-

On or before	% of Advance Tax to be paid
15th June	Not less than 15%
15th September	Not less than 45%, as reduced by amt. already paid
15th December	Not less than 75%, as reduced by amt. already paid
15th March	100%, as reduced by amt. already paid
* presumptive assessee u/s 44AD shall pay100% advance tax on or before 15th march	

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