

Budget Personal tax Points

Poposal (P): Increase the rate of surcharge on income exceeding Rs 1 crore to 15% from 12%.

Impact (I): This will raise the maximum marginal rate of tax to 35.54% from 34.61% on the 'super-rich'.

P: Increase limit for tax rebate to Rs 5,000 from Rs 2,000 for resident individuals with a total income of up to Rs 5 lakh a year.

I: This will ensure an additional saving of Rs 3,090 for small taxpayers.

P: Raise deduction limit for rent paid by an individual who doesn't have a house and isn't entitled to HRA from the employer to Rs 60,000 pa from Rs 24,000 pa.

I: This will allow the individual to claim an additional deduction of Rs 36,000 pa, leading to a tax-saving of up to Rs 13,015.

P: Under the current provisions, dividend received by an individual from an Indian company is exempt from tax as dividend distribution tax (DDT) is already paid by the firm. It is proposed to charge the individual an additional tax at 10% on the dividend received in excess of Rs 10 lakh.

I: This will ensure that dividend earned by super-rich is also subject to tax in addition to the 15% DDT paid by Indian firms. The maximum effective tax that the dividends bear will be 32.21% (i.e. 20.36%+11.85%).

P: Make gains under the Sovereign Gold Bond Scheme, 2015, exempt from tax. Also, provide indexation benefit on transfer of the gold bonds.

I: This will give incentive for investing in gold bonds instead of the physical form.

P: For rupee-denominated bonds, give tax exemption to non-resident investors on gains arising from currency appreciation between the dates of issue and redemption.

I: This will attract non-resident investors to rupee-denominated bonds and help Indian companies raise funds abroad.

P: Don't subject NRIs to higher rate of TDS due to unavailability of PAN if they fulfil certain conditions.

I: This will bring significant relief to NRIs.

P: Introduce e-assessment and do away with physical presence during tax hearings.

I: This will lead to an increase in paperless assessment and less face-to-face interaction between taxpayer and income-tax officers.

P: Increase the threshold limit for TDS in case of withdrawal of PF balances to Rs 50,000 from Rs 30,000.

I: Individuals with accumulated PF balances of up to Rs 50,000 will now not be subject to TDS on withdrawal.

P: Individuals with rental income less than the maximum amount not chargeable to tax should furnish Form 15G/15H for non-withholding of TDS.

I: This will bring huge relief to senior citizens and small taxpayers who have nil taxable income or income below the threshold limit but had to file I-T return to claim refunds of TDS deducted on rental income.

P: Include exempt income from long-term capital gains on sale of equity shares or equity-oriented mutual funds to determine whether an individual is liable to file I-T return.

I: To determine the requirement for filing a tax return, long-term capital gains on sale of equity shares or equity-oriented mutual funds that are exempt from tax also need to be included. Also, individuals with only exempt income from long-term capital gains on sale of equity shares or equity-oriented mutual funds will now be required to file return if the total exempt income exceeds the maximum amount not chargeable to tax

(currently Rs 2.5 lakh).

P: Reduce the time-limit for filing of belated return to any time before the end of the assessment year or completion of assessment, whichever is earlier. However, allow a belated return to be revised within a year from the end of the relevant assessment year or completion of assessment, whichever is earlier.

I: This will reduce the time-limit for filing a belated return to one year from two years and encourage timely compliance. Revision of belated return will now be permitted, which was not possible earlier.

P: Amend advance tax payment schedule for individuals as (a) 15% of tax payable by June 15; (b) 45% of tax payable by September 15; (c) 75% of tax payable by December 15; and (d) 100% of tax payable by March 15.

I: This will increase the compliance burden.

P: Don't subject to tax shares received by an individual in consequence of demerger or amalgamation of firms without adequate consideration.

I: This will bring uniformity in tax treatment of shares.