Budget Analysis 2016

1. **Income Tax rates are not change but the limit of rebate under section 87A is change from Rs.2,000 to rs. 5,000. So now limit for individual and HUF whose total income is below 5,00,000 lakh is increased upto rs. 3,00,000 from 2,70,000.**
2. **The rate of surcharge is increased from 12% to 15% for individual, HUF, AOP, BOI, Artificial judicial person having total income more than of rs. 1,00,00,000.**
3. **When dividend is received by individual, HUF, firms and LLP in excess of Rs. 10,00,000 then they are liable to pay dividend Tax @ 10%.**
4. **TCS is introduced on sale of motor vehicle exceeding Rs. 10,00,000 and sale of goods at cash exceeding Rs. 2,00,000.**
5. **Incentive is provided to first home buyers availing home loan by providing additional deduction in respect of home loan taken for residential house property upto Rs. 50,000. But this is incentive only available if value of house property is less than Rs. 50,00,000 and amount of loan taken is less than Rs. 35,00,000.**
6. **The limit of getting account audited under section 44 AB has been increased from Rs. 1,00,00,000 to Rs. 2,00,00,000 and for profession Rs. 25,00,000 to Rs. 50,00,000.**
7. **New section 44ADA is proposed to be introduced to extend presumptive taxation scheme to professional also. If any Assessee carring on profession and if gross receipt is less than Rs. 50,00,000, 50% of such gross receipt shall be presumed to be his income.**
8. **As per new Section 44AD no deduction of remuneration to partner or interest on capital shall be allowed to partnership firm from presumptive income. It is also proposed that once assessee is opting for presumptive taxation and if any of the succeeding five years, he claims his income to be less than presumptive income, he is required to get his account audited for that year and also upto next five years, he shall not be allowed to opt for presumptive taxation.**
9. **The existing provision of sec 139 requiring filling of income tax return if total income is exceeds basic exemption limit. Now it is**

proposed that such total income shall be computed before exemption under section 10(38) i.e LTCG on shares sold through recognised stock exchange.

10. **As per proposed sec 139 (5), noe belated returns are also allowed to be revised.**
11. **It is proposed to extend the scope under section 143(1), (i) To disallow loss claimed in belated return of income (ii) To disallow expenditure indicated in audit report u/s sec 44AB (iii) To disallow deduction claim of deduction u/s 10AA, 80-IA, 80-IAB, 80-IB, 80-IC, 80-ID, 80IE (iv) Addition of income appearing in form 26AS or form 16A or form 16.**
12. **Sec 24(b) provides that interest payable on capital borrowed for acquisition or construction of house property shall be deducted of RS. 2,00,000 if such acquisition or construction is completed within three years from the end of the financial year in which capital was borrowed. After budget three years is substituted to five years.**
13. **Cost Inflation index for the Financial year 2015-16 is 1081.**
14. **A new levy called 'Krishi Kalyan Cess' will be imposed from 01/06/2016 on all the taxable services @ 0.5% of the value of taxable services. So now effective rate of service tax is 15%.**

The above points only consider main changes in income tax and service tax.

Thank You.