<u>NECESSARY IMPORTANT AMENDMENTS IN DIRECT TAX Provision in Finance Bill 2016</u>

1 No Change in Tax Slab for Individual

2 40% of the amount payable from NATIONAL PENSION SCHEME (NPS) at a time of its closure will be exempt from tax & Tax will be levied on balance 60% accumulated balance on NPS.
Simillary 60% of accumulated interest of EPF contibuted on & after 01.04.2016 will be taxable at a time of its withdrawal.
Only Investment in PPF remain Taxfree.(EEE)

3 Exemption Limit for Employer Contribution of SAF increases from Rs 100000/- to Rs 150000/- wef 01.04.2017.

4 Time Limit for completion of property acquired or constructed with the borrowed capital increase from 3 year to 5 years for getting exemption u/s 24(b) in respect of Self Occupied House Property.

5 New section 25A substituted the section 25A,25AA,25B w.e.f. 01.04.2017
As per Section 25A
Sec 25A(1)
The amount of arrears of rent received from a tenant or the unrealised rent realised subsequently from a tenant, as the case may be, by an assessee shall be deemed to be the income from house property in respect of the financial year in which such rent is received or realised, and shall be included in the total income of the assessee under the head "Income from house property" whether the assessee is the owner of the property or not in that financial year.
Sec 25A(2)
A sum equal to thirty per cent. of the arrears of rent or the unrealised rent referred to in sub-section (1) shall be allowed as deduction.'.

6 Rebate u/s 87A increase from Rs. 2000 to Rs 5000/-

7 Deduction limit u/s 80GG increases from Rs 2000/- to Rs. 5000/-
This deduction is not available for the assessee who are getting HRA.

8 Additional surcharge 3% (12% to 15%) on individual having total income exceeds Rs. 1 crore.

9 Thresold Limit for presumptive taxation u/s 44AD increase from RS.1 crore to 2 Crore.
Presumptive Taxation Limit extended to all small tax prayers having income from profession upto Rs 50 lacs under new Section 44ADA
Simillary Tax Audit Limit U/S 44AB increase from Rs 1 Crore to 2 Crore for companies & Rs.25 Lacs to Rs 50 Lacs for Professional
Taxpayer obtain the benefit u/s 44AD now requires to pay Advance Tax else liable to intrerest u/s 234B & 234C.

10 R & D exemption limit u/s 35 reduced from 200% to 150% from 01.04.2017 to 31.03.2020 & 100% from 01.04.2020

11 Companies incorporated after 01.03.2016 are to be given an option to use Corporate Tax Rate 25% plus surcharge & cess provided they do not claim the benefit of acclerated depreciation & investment linked deduction.
Corporate tax rate for companies having turnover upto 5 Crore in the financial year ending March 2015 reduced from 30% to 29% plus surcharge & Cess as applicable.

12 With a view to encourage "HOUSING FOR ALL" project it is proposed to provide 100% tax exemption limit for the assessee engagaed in developing & building affordable housing provided if such project is approved by competent authority before 31.03.2019 & completed within 3 years from the date of approval under new inserted section 80IABA.

13 Addition deduction of Rs 50000/- under new section 80EE on account of Intesest on home loan for "First Home Buyers" provided amount of Loan & Value of property does not exceeds Rs 35 Lacs & 50 Lacs respectivelly.This benefit is over & above benefit specified u/s 24(b).

14 Gross divident received by Individuals , HUF & a Firm resident in india is taxable @10% if amount of such divident exceeds Rs.10 Lacs.

15 In order to provide relief to Non resident it is proposed that Sec 206AA is not applicable for Non Resident on furnishing the alternative documents.

16 Non Corporate Taxprayer are requires to Pay Advance Tax at par with Corporate Taxprayer.In other Words Non Corporate Tax Prayer shall be require to pay advance tax in 4 instalments, viz; 15%,45%,75% & 100% on or before 15th June,15th Sept,15th Dec & 15th March Respectivelly.

17 Any sum paid to Indian Railways for use of railway assets are covered u/s 43B .

18 Royalty earned from Patent develpoed in INDIA will taxable at a Concessional Rate of 10% plus surcharge & Cess as applicable under new section 115BBF which is applicable only to a person resident in India.
Section 115BBF is applicable both for existing as well as new patents.

19 Deduction u/s 80JJAA is proposed applicable to all the assessees who required to get their accounts audited & 30% of total emoluments paid to employees would be allowed as deduction provided emolument paid to each employee is less than equal to Rs 25000/- PM.Further total number days of emolument proposed to be reduced from 300 to 240 days & condition of 10% increase in total number of employees proposed to be withdrawn.

20 Belated Return u/s 139(5) must be filled before the end of relevant AY & completion of assessment whichever is earler & belated return can also be revised.
Time limit for completion of assessment u/s 143 & u/s 147 reduced from 2 years to 21 months.

Regards,
<u>CA RAJA SAHA</u>