BUDGET 2018

PRESENTATION BY SUBEX TAX TEAM

TAX RATES FOR FY 2018-19

Tax Slabs	Tax Rates
Upto 2,50,000*	NIL
2,50,001 to 5,00,000	5%
5,00,000 to 10,00,000	20%
More Than 10,00,000	30%
More Than 50 Lakh but upto 1Cr	10% Surcharge on Income Tax
More Than 1Cr	15% Surcharge on Income Tax
Health and Education Cess	4% on Income Tax and Surcharge (If Applicable)

BENEFITS FOR INDIVIDUALS AT GLANCE

- NO NEED TO SUBMIT ANY MEDICAL BILLS NOW AS THE EXEMPTION OF INR 15000 PER ANNUM HAS BEED WITHDRAWN.
- YOU CANNOT CLAIM TRANSPORT ALLOWANCE (1600 PER MONTH AND 19200 PER ANNUM) AS A PART OF YOUR FBP W.E.F 1ST APRIL 2018
- BUT TO COMPENSATE THESE EXEMPTION WITHDRAWALS ONE STANDARD DEDUCTION FROM SALARY INCOME HAS BEEN PROVIDED OF INR 40000
- NET GAIN = 5800 *10% OR 20% OR 30%............BUT LOSS DUE TO 1% EXTRA CESS WILL FURTHER REDUCE THIS BENEFIT.

CAPITAL GAINS

LONG TERM CAPITAL GAINS ON EQUITY SHARES/EQUITY MUTUAL FUNDS

EXEMPTION UNDER SECTION 10(38)

- THIS EXEMPTION HAS BEEN WITHDRAWN W.E.F FINANCIAL YEAR 2017-18 (CURRENT YEAR)
- LONG TERM CAPITAL GAINS ON STT PAID LISTED EQUTY SHARES AND EQUITY MUTUAL FUNDS WILL BE TAXED @ 10% WITHOUT INDEXATION
- LONG TERM CAPITAL GAIN UPTO 1 LAKH PER ANNUM WILL REMAIN EXEMPT (SECTION 112A : RATE KA SECTION)
- FOR LISTED SHARES PURCHASED UPTO 31ST JAN 2018 COST OF ACQUISITION WILL BE AS FOLLOWS :

HIGHER OF		LOWER OF
ACTUAL COST OF ACQUISITION	OR	FMV ON 31ST JAN 2018 OR FVC

EXAMPLES ON CAPITAL GAIN TAX

Particulars	EG 1	EG 2	EG 3	EX 4	EX 5
Actual COA	100	80	50	120	150
FMV on 31st Jan	120	70	150	100	200
FVC	150	120	120	100	50
COA (112A)	120	80	120	120	150
LTCG	30	40	0	- 20	-100
TAX	3	4	0	0	0
CESS @ 4%	0.12	0.16	0	0	0

CAPITAL GAIN/PGBP ON IMMOVABLE PROPERTY

ALL THESE 3 SECTIONS HAS BEEN AMENDED TO INCORPORATE SAFE HARBOR UPTO 105% MEANS

STAMP DUTY VALUE WHEN EXCEEDS MORE THAN 105% OF FVC WILL BECOME FVC FOR THE PURPOSE OF COMPUTING CAPITAL GAINS

- CURRENTLY STAMP DUTY VALUE HAS BEEN TAKEN AS FVC IF IT EXCEEDS ACTUAL FVC WHILE COMPUTING CAPITAL GAINS ON IMMOVABLE PROPERTY AS PER SECTION 50C
- CURRENTLY STAMP DUTY VALUE HAS BEEN TAKEN AS FVC IF IT EXCEEDS ACTUAL FVC WHILE COMPUTING PGBP INCOME ON IMMOVABLE PROPERTIES HELD AS STOCK IN TRADE AS PER SECTION 43CA
- FOR THE BUYER ALSO, IF HE PAYS LESS THEN STAMP DUTY VALUE ....DIFFERENCE IS CONSIDERED AS IFOS (IF DIFFERENCE IS MORE THEN 50000) AS PER SECTION 56(2)(X)

EXEMPTION UNDER SECTION 54 EC

- THIS EXEMPTION FROM LONG TERM CAPITAL GAINS HAS NOW BEEN RESTRICTED TO LONG TERM CAPITAL GAINS ON IMMOVABLE PROPERTY BEING LAND AND BUILDING
- TO CLAIM THIS EXEMPTION YOU HAVE TO INVEST LTCG IN THE BONDS OF NHAI ETC. WITHIN 6 MONTHS OF TRANSFER OF CAPITAL ASSET
- YOU CAN ONLY INVEST UPTO INR 50,00,000 IN THE YEAR OF TRANSFER OF CAPITAL ASSET OR SUBSEQUENT FY TOGETHER
- HOLDING PERIOD OF THESE BONDS HAS BEEN INCREASED FROM 3 YRS. TO 5YRS IN BUDGET 2018 W.E.F 1^{ST} APRIL 2018

OTHER KEY AMENDMENTS

- COMPENSATION RECEIVED ON TERMINATION OF EMPLOYMENT OR MODIFICATION OF TERMS AND CONDITIONS OF EMPLOYMENT CONTRACT WILL BE TAXED AS IFOS.
- HEALTH INSURANCE/MEDICAL EXPENDITURE INCURRED ON SENIOR CITIZEN…………NOW YOU CAN CLAIM EXEMPTION UPTO INR 50000 IN A FY (80D)
- EXPENDITURE ON MEDICAL TREATMENT OF SENIOR CITIZEN SUFFERING FROM SPECIFIED DISEASE CAN BE CLAIMED UNDER SECTION 80DDB UPTO INR 1,00,000 W.E.F. 1ST APRIL 2018
- 80TTB : INTEREST INCOME OF SENIOR CITIZEN FROM DEPOSITS WITH BANKS, POST OFFICE HAS BEEN MADE EXEMPT UPTO INR 50000 (FURTHER NO TDS UPTO INR 50000 AS PER SECTION 194A)
- NO ADJUSTMENT WILL BE MADE IN THE INCOME BASIS DIFF. IN RETURNED INCOME AND FORM 16/16A/26AS

INCENTIVES FOR STARTUP'S

- ELIGIBLE STARTUP : COMPANY OR LLP INCORPORATED UPTO 1ST APRIL 2021 AND TOTAL TURNOVER DOES NOT EXCEED 25 CRORE IN 7 PREVIOUS YEARS FROM THE DATE OF INCORPORATION AND HOLD A CERTIFICATE OF ELIGIBLE BUSINESS FROM INTER MINISTERIAL BOARD OF CERTIFICATION
- ELIGIBLE BUSINESS : INNOVATION OR DEVELOPMENT OR IMPROVEMENT OF PRODUCTS OR PROCESSES OR SERVICES OR A SCALABLE BUSINESS MODEL WITH A HIGH POTENTIAL OF EMPLOYMENT GENERATION OR WEALTH CREATION
- 100% PROFITS EXEMPT FROM INCOME TAX FOR 3 YRS. WITHIN 7YRS OF INCORPORATION

THANK YOU

PREPARED BY SAURABH CHHABRA (SENIOR EXECUTIVE : TAXATION)

PRESENTED BY TAX TEAM : SUBEX GROUP