



Finance Minister reduces the tax rate from 10 to 5 per cent for individual income between Rs 2.5 to Rs 5 lakh.

Finance Minister appeals to all citizens to contribute to Nation Building by making a small payment of 5 per cent tax if their income is falling in this slab.

A simple one- page Income Tax Return form for the category of individuals having taxable income upto Rs 5 lakhs other than business income

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The Union Finance Minister Shri Arun Jaitley reduced the rate of taxation from existing 10 per cent to 5 per cent for individual assesses between income of Rs 2.5 lakhs to Rs 5 lakhs. This would reduce the tax liability of all persons below Rs 5 lakh income either to zero (with rebate) or 50 per cent of their existing liability.

While presenting the General Budget 2017-18 in the Parliament today, the Union Finance Minister Shri Jaitley said that the present burden of taxation is mainly on honest tax payers and salaried employees who are showing their income correctly. Therefore, post-demonetisation, there is a legitimate expectation of this class of people to reduce their burden of taxation. The Finance Minister further said that if a nominal rate of taxation is kept for lower slab, many more people will prefer to come within the tax net. The Finance Minister made an appeal to all the citizens of India to contribute to Nation Building by making a small payment of 5 per cent tax if their income is falling in the lowest slab of Rs 2.5 lakhs to Rs 5 lakhs.

The Union Finance Minister Shri Jaitley said that the Government is trying to bring within tax-net more people who are evading taxes. So, in order to expand tax net, it is decided to have a simple one-page form to be filed as Income Tax Return for the category of individuals having taxable income upto Rs 5 lakhs other than business income. Also, a person of this category who files income tax return for the first time would not be subjected to any scrutiny in the first year unless there is specific information available with the Department regarding his high value transaction.

In his Budget Speech, the Finance Minister further said that in order not to have duplication of benefit, the existing benefit of rebate available to the same group of beneficiaries is being reduced to Rs 2500, available only to assessee upto income of Rs 3.5 lakhs. The combined effect of both these measures will mean that there would be zero tax liability for people getting income upto Rs 3 lakhs per annum. and the tax liability will only be Rs 2,500 for people with income between Rs 3 and Rs 3.5 lakhs. While the taxation liability of people with income upto Rs 5 lakhs is being reduced to half, all the other categories of tax payers in the subsequent slabs will also get a uniform benefit of Rs 12,500 per person. The total amount of tax foregone on account of this measure is Rs 15,500 crore.

In order to make good some of this revenue loss on account of this relief, a surcharge of 10 per cent of tax payable on categories of individuals whose annual taxable income is between Rs 50 lakhs and Rs 1 crore has been proposed. This is likely to give additional revenue of Rs 2,700 crore.

The Finance Minister said that the direct tax proposals for exemptions, etc. would result in revenue loss of Rs 22,700 crore but after counting for revenue gain of Rs 2,700 crore for additional resource mobilisation proposal, the net revenue loss in direct tax would come to Rs 20,000 crore.

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