



ANALYSIS OF UNION **BUDGET 2017**

Personal Tax

TAX RATE

- The rate of income tax is proposed to be reduced to 5% (from 10%) for income between Rs. 2.5 to Rs. 5 lakhs. This is likely to bring tax saving of at least Rs. 12,875 for all taxpayers with an income exceeding Rs. 5 lakhs. Other tax slab and rates remain unchanged.

Total Income	Proposed Tax Rate(A.Y.-2018-19)*	Existing Tax Rate (A.Y. 2017-18)*
Up to Rs. 2,50,000**	Nil	Nil
Rs. 2,50,001 to Rs. 5,00,000	5%	10%
Rs. 5,00,001 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%

- * Education cess and surcharge as applicable
- ** Basic exemption limit for resident individuals above 60 years but less than 80 years of age at any time during the FY is Rs. 300,000 and for resident individuals 80 years of age or more is Rs. 500,000 (unchanged).

Surcharge

- A surcharge of 10% on tax payable is proposed for individuals having an income of Rs. 50 lakhs to Rs. 1 crore.
- Maximum marginal tax rate (MMR) for individuals having income up to Rs. 1 crore will change to 33.99% (from 30.9%). There is no change in the MMR of 35.54% for income above Rs. 1 crore (wherein a surcharge of 15% applies).

Tax Rebate

- The rebate for the low income earners (under section 87A) is proposed to be reduced to Rs. 2,500 from the present limit of Rs. 5,000 and will be available only in case of income up to Rs. 3.5 lakhs (earlier, Rs. 5 lakhs).

Withdrawal of deduction for investment in equity savings scheme

- To promote investment in equity savings schemes, deduction for such investment was introduced in Finance Act, 2012, to the extent up to 50% of the amount invested or Rs. 25,000 whichever is lower, subject to prescribed conditions.
- It is proposed to withdraw this deduction with the sunset clause i.e., investments made until 31 March, 2017, will be eligible for the deduction for next two years i.e., till 31 March, 2019, subject to fulfillment of conditions.

Restriction on cash donations

- The maximum limit of cash donations deductible under section 80G has been proposed to be reduced to Rs. 2,000 from Rs. 10,000.

Filing of return

- A simplified tax return form (one page) is proposed to be introduced for individuals having taxable income (other than business income) up to Rs. 5 lakhs.¹¹

THANK YOU.....
ACCOUNTS TEAM
INDIANIC INFOTECH LIMITED