

# BUDGET 2018 HIGHLIGHTS

**SAMDANI & HAMIRWASIA**  
CHARTERED ACCOUNTANTS

# NO CHANGE IN PERSONAL INCOME TAX SLABS

- However, education cess of 2% & secondary higher education cess of 1% replaced with health & education cess of 4%

# SALARIED INDIVIDUALS

- ◎ Standard deduction of Rs 40,000 proposed for salaried individuals. However, existing benefits of conveyance allowance of Rs 19,200 & medical reimbursement of up to Rs 15,000 will be withdrawn. Thus, the benefit will be only of Rs 5,800.
- ◎ To increase take home salary - Employees' Provident Fund and Miscellaneous Provisions Act to be amended to reduce contribution of women to 8% from 12% for the first three years; no change in employers' contribution.

# SENIOR CITIZENS

- ◎ Exemption for health insurance for seniors under section 80D bumped up to Rs 50,000 per year.
- ◎ Exemption of interest from bank and post office deposits for seniors raised to Rs 50,000; no TDS to be deducted by Banks on such income under section 194A.
- ◎ Medical expense deduction for seniors with critical illnesses raised to Rs 1 lac under section 80DDB.
- ◎ Limit of Rs 7.5 lac per senior for investing in interest-bearing LIC schemes doubled to Rs 15 lac.

# LONG TERM CAPITAL GAINS

- ⦿ Exemption on long term capital gain on sale of listed equity shares & units of equity oriented mutual funds is proposed to be withdrawn w.e.f 01/04/2018. Such long-term capital gains will be taxed @ 10% without indexation benefit.
- ⦿ Any long-term gain arising on sale of these shares & units up to 31/03/2018 will continue to remain exempt.
- ⦿ However, on sale after 31/03/2018, price prevailing on 31/01/2018 will be allowed as cost of acquisition if this price is higher than the original cost of acquisition. Thus, any long-term gains based on prices prevailing on 31/01/2018 will not be taxed even after 31/03/2018.
- ⦿ Tax on distributed income on equity-oriented mutual funds is proposed at 10%.

# CORPORATE TAX RATE

- © Domestic Companies having total turnover or gross receipts not exceeding Rs 250 crores in Financial year 2016-17 shall be liable to pay tax at 25% as against present ceiling of Rs 50 crore in Financial year 2015-16.
- © Deemed dividend to be taxed in the hands of the company itself as Dividend Distribution of tax @ 30%

# CUSTOMS DUTY

- ◎ Imported electronics, including phones and TVs, will now get more expensive as government proposes to increase custom duty on mobiles from 15% to 20% and some parts of TVs to 15%

# OTHER GENERAL PROVISIONS

- ◎ In case of property transactions, variation of 5% allowed between actual sale value & stamp duty value.
- ◎ 54EC benefit of investment in Bonds to be restricted to Capital gain on sale of land and building only. Further lock-in period of holding of such bonds being increased from 3 years to 5 years.
- ◎ TDS Provisions made applicable to charitable trusts. Hence, expenditure incurred without deduction of tax and in cash will not be eligible as application of income under section 10(23C) and section 11(1)(a).
- ◎ The Government is in process of evolving a scheme to assign every individual enterprise in India a Unique ID on the lines of Aadhar.