

## FIRST REACTION

### **INDIRECT TAXES**

Education Cess and Secondary & Higher Education Cess earlier levied on imported goods @ 2 % & 1% respectively now abolished! Replaced with Social Welfare Surcharge w.e.f. 2<sup>nd</sup> February 2018

Renaming of Central Board of Excise and Customs as the Central Board of Indirect Taxes and Customs

### **DIRECT TAXES**

Proposal to extend reduced rate of 25 percent currently available for companies with turnover of less than 50 crore (in Financial Year 2015-16), to companies reporting turnover up to Rs. 250 crore, to benefit micro, small and medium enterprises.

No adjustment in respect of transactions in immovable property where Circle Rate value does not exceed 5 percent of consideration.

Proposal to increase cess on personal income tax and corporation tax to 4 percent from present 3 percent; replace “Education Cess” & “Secondary & Higher Education Cess” with “Health & Education Cess”

Tax on Long Term Capital Gains exceeding Rs. 1 lakh at the rate of 10 percent, without allowing any indexation benefit. However, all gains up to 31<sup>st</sup> January, 2018 will be grandfathered. Short Term Capital Gains Tax continues @ 15%

Standard Deduction of Rs. 40,000 in place of present exemption for transport allowance and reimbursement of miscellaneous medical expenses. 2.5 crore salaried employees and pensioners to benefit.

Proposal to roll out E-assessment across the country to almost eliminate person to person contact leading to greater efficiency and transparency in direct tax collection.

#### Relief to Senior Citizens proposed: -

Exemption of interest income on deposits with banks and post offices to be increased from Rs. 10,000 to Rs. 50,000.

TDS not required to be deducted under section 194A. Benefit also available for interest from all fixed deposit schemes and recurring deposit schemes.

Hike in deduction limit for health insurance premium and/ or medical expenditure from Rs. 30,000 to Rs. 50,000 under section 80D.

Increase in deduction limit for medical expenditure for certain critical illness from Rs. 60,000 (in case of senior citizens) and from Rs. 80,000 (in case of very senior citizens) to Rs. 1 lakh for all senior citizens, under section 80DDB.

## **Miscellaneous**

Employees PF Act will be amended to reduce contribution of women to 8% from 12% for first three years, with no change in employer's contribution, Jaitley said.

### **Note:**

**The First Reaction Is Based On The Speech Of The FM May Be Subject To Change!**