



## 10 MOST IMPORTANT INCOME-TAX CHANGES WHICH WILL APPLY FROM APRIL 1 2017



With the passage of the Finance Bill on Wednesday, the Lok Sabha has completed the budgetary exercise for 2017-18. The tax proposals in the Budget 2017 have now become law. Below are 10 most important income-tax changes that will affect you next month:

1. With a decrease in tax rate from 10 per cent to 5 per cent for total income between Rs 2.5 lakh and Rs 5 lakh, there is tax saving of up to Rs 12,500 per year and Rs 14,806 (including surcharge and cess) for those with income above Rs 1 crore.
2. Tax rebate is reduced to Rs 2,500 from Rs 5,000 per year for taxpayers with income up to Rs 3.5 lakh (earlier Rs 5 lakh). Due to the combined effect of change in tax rate and rebate, an individual with taxable income of Rs 3.5 lakh will now pay tax of 2,575 instead of 5,150 earlier.
3. Surcharge at 10 per cent of tax levied on rich taxpayers, with income between Rs 50 lakh and Rs 1 crore. The rate of surcharge for the super rich, with income above Rs 1 crore, will remain 15 per cent.
4. Holding period for immovable property to be considered "long term" reduced to 2 years from 3. This will ensure immovable property held beyond 2 years is

taxed at reduced rate of 20 per cent and eligible for various exemptions on reinvestment.

5. Long term capital gains tax will result in a lower payout owing to beneficial amendments. The base year for indexation of cost (adjustment of inflation) has been shifted to April 1, 2001 from April 1, 1981. This means lower profits on sale.

6. Further, tax exemption will be available on reinvestment of capital gains in notified redeemable bonds (in addition to investment in NHAI and REC bonds).

7. A simple one-page tax return form is to be introduced for individuals with taxable income up to Rs 5 lakh (excluding business income). Those filing returns for the first time in this category will generally not be subject to scrutiny.

8. Delay in filing tax return for 2017-18 will attract penalty of Rs 5,000 if filed by Dec 31, 2018 and Rs 10,000 if filed later. Such fee will be restricted to Rs 1,000 for small taxpayers with income up to Rs 5 lakh.

9. Deduction for first-time investors in listed equity shares or listed units of equity oriented fund under the Rajiv Gandhi Equity Savings Scheme is withdrawn from 2017-18. If an individual has already claimed deduction under this scheme before April 1, 2017, he/she shall be allowed to avail a deduction for the next two years.

10. Time period for revision of tax return cut to one year (from 2 years) from the end of the relevant FY or before completion of assessment, whichever is earlier.

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