

Few Tax Proposals in Union Budget 2018



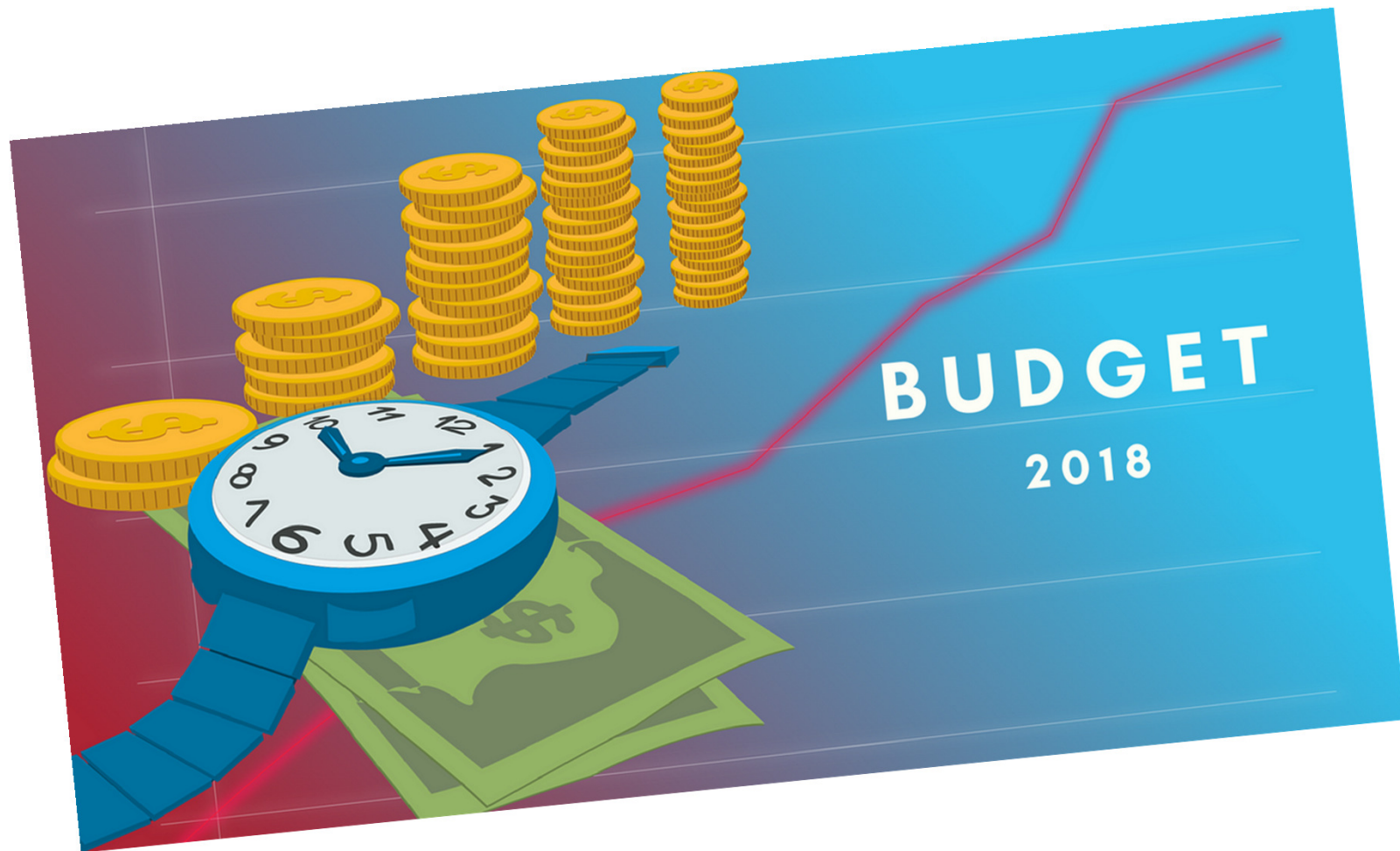
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**Shared at
West Delhi Study Circle of NIRC of ICAI
6th February 2018**

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INCOME TAX PROPOSALS



AGENDA

Income and Exempt Income	3(b)	2(24)
	9(i)	28(ii)(e)
	21(b)	56(XI)
	9(ii)	28(via)
	18	49
	7	16
	8	17
	12	43
	16	44AE
	17	47
	5(b)(i)	10(12A)
	5(c)	10(46)
	5(d)	10(48B)
Exemption/deduction / Tax incentive	20	54EC
	23	80AC
	26	80(IAC)
	27	80JJA
	28	80PA
Senior citizen	24	80D
	25	80DDB
	26 & 27	80TTB

SALARY

- ✖ **Standard Deduction of Rs. 40,000/- p.a. or actual salary whichever is lower.**
- ✖ **Exemption of Rs. 15000/- from perquisite of Reimbursement of Medical Expenditure to be withdrawn.**
- ✖ **Exemption in respect of Transport Allowance (except in case of differently abled persons) to be withdrawn**
- ✖ **Net benefit ?? Surcharge**

CONVERSION OF STOCK TO CAPITAL ASSET

- ✘ Earlier conversion of capital asset into inventory was taxable u/s 45(2).
- ✘ Was no vice-versa provision
- ✘ Now proposed to be taxed at FMV as on the date of conversion u/s 28(via) read with s. 2(24)(xiia).
- ✘ Cost of acquisition in such case for the converted capital asset would be the FMV as on the date of conversion u/s 49
- ✘ Period of holding such capital asset would commence from date of conversion u/s 2(42A)

PGBP

- ✖ Any compensation due or received in connection with the termination or the modification of the terms and conditions of any contract relating to his business to be taxed u/s 28(ii)(e)
- ✖ Transaction in respect of trading of agricultural commodity derivatives, which is not chargeable to CTT to be treated as non-speculative transaction u/s 43(5)
- ✖ S. 44AE - Heavy Vehicle (more than 12MT gross vehicle weight) - 1000/- per ton of the Gross Vehicle Weight or Unladen Weight p.m.

CAPITAL GAINS

- ✖ **S. 47(viiab) inserted - transfer made by a non-resident on a recognized stock exchange located in any IFSC not to be regarded as transfer, if the consideration is paid or payable in foreign currency of following capital assets:**
 - + **Bond or GDR of Indian company issued in accordance of scheme notified by CG in official gazette or of public sector company sold by government,**
 - + **Rupee denominated bond of Indian Company or**
 - + **Derivative**

54EC BONDS

- ✖ **Restriction of the benefit of exemption to only a long-term capital asset being land or building or both only.**
- ✖ **Earlier it was available to any long term capital asset.**
- ✖ **Also w.e.f. 1st April 2018 investment in such bonds shall stay invested for 5 years instead of 3 years earlier.**

OTHER SOURCE

- ✖ **Transfers which are in the nature of transaction of money or property between a wholly owned subsidiary company and its holding company not to be taxed**
- ✖ **Any compensation received or receivable, whether in the nature of revenue or capital, in connection with the termination or the modification of the terms and conditions of any contract relating to its employment to be taxed**

DEDUCTIONS

- ✖ **S.80AC -deduction u/s 80HH -80RRB not allowed unless ITR filed u/s 139(1) w.e.f. AY 2018-19**
- ✖ **S. 80-IAC - eligible start-ups :**
 - + **Benefit extended to start ups incorporated on or after the 1.4.2019 but before the 1.4. 2021**
 - + **Requirement of turnover not exceeding Rs. 25 Cr. would apply to 7 PY commencing from Inc. date**
 - + **Definition of eligible business expanded - engaged in innovation, development or improvement of products or processes or services, or a scalable business model with high potential of employment generation or wealth creation.**

DEDUCTIONS

- ✖ **S. 80JJAA to be amended to extend relaxation of 150 days presently available to apparel industry, to footwear & leather industry also.**
- ✖ **Also deduction extended to new employee who is employed for less than minimum period during 1 yr but continues to remain employed for minimum period in subsequent year.**

DEDUCTIONS

- ✦ **S. 80PA inserted - 100% deduction for 5 yrs from financial year 2018-19 to Producer Companies (S. 581A of 1956 Act) having a total turnover upto Rs 100 Crore, whose GTI includes any income from-**
 - + Marketing of agricultural produce grown by its members, or**
 - + Purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or**
 - + Processing of the agricultural produce of its members.**

SENIOR CITIZENS

- ✖ **New section 80TTB to be inserted to allow a deduction upto Rs 50,000/- in respect of interest income from deposits held by senior citizens. However, no deduction u/s 80TTA in these cases.**
- ✖ **Section 194A is being amended to increase the threshold limit from Rs 10,000/- to Rs 50,000/-for deduction of tax at source on interest income for senior citizens**

MEDICAL

- ✖ **S. 80D - Limit of deduction of a senior citizen, or very senior citizen increased from Rs 30,000/- to Rs 50,000/-**
- ✖ **Single premium health insurance policies having cover of more than 1 year, deduction on proportionate basis for no. of years for which cover is provided, subject to specified limit.**
- ✖ **S. 80DDB - Deduction for medical treatment of specified diseases in respect of Very Senior Citizen upto Rs 80,000/- & senior citizens up to Rs 60,000/- consolidated & increased to Rs 1 L**

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Recent Questions

Question added 28 minutes ago Corporate Matters/LLP

1 answer
Q. Will COPS Scheme Apply To Companies Whose Status Is Shown "Strike OFF" On MCA Portal?
By CS. Divya Khurana, CS, Delhi

Question added 32 minutes ago Corporate Matters/LLP

1 O. Disqualification Of Directors Of Companies Which Have Been Struck Off

Ask a question:
Next

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THANK YOU



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