

20 CHANGES in INCOME TAX APPLICABLE FROM 01-04-2018**APPLICABLE FROM ITR OF**

1 Tax Exemption limit is Rs. 2,50,000/- for non Senior citizens. After that, up to 5 Lakh, Tax rate is 5%. Tax Rate of 5% is applicable from Financial Year 2017-18 and also applicable for Financial Year 2018-19.

Tax Rates %	Age below 60 years	Senior Citizen Ageed above 60 Years and below the Age of 80 Years	Super Senior Citizen Age aged above 80 Years
0	Up to 2,50,000	Up to 3,00,000	Upto 5,00,000
5	2,50,001 to 5,00,000	3,00,000 to 5,00,000	–
20	500001 to 10,00,000	5,00,001 to 10,00,000	500001 to 10,00,000
30	Above 10,00,000	Above 10,00,000	Above 10,00,000

AY 18-19

2 Tax rebate is reduced to Rs. 2500 from Rs. 5000 per year for taxpayers with income up to Rs. 3,50,000 (earlier Rs. 5,00,000) with effect from financial year 2017-18.

AY 18-19

3 Payment of Rent – Rs.50,000 per month by any Individual or HUF (not subject to Tax Audit requirement) – Deduct TDS @ 5%.

AY 18-19

4 Limit for payment of expenses by cash (Both capital and revenue expenditure) reduced from RS. 20,000 to RS. 10,000 per day in aggregate per person.

AY 18-19

5 No Person shall receive an amount of two lakh rupees or more, by cash (Sec 269ST). Failure to comply will levy 100% penalty u/s271DA

AY 18-19

6 Late fee if IT Return not filled on time, Rs.5,000 for delay up to 31st December, and Rs.10,000 thereafter.

AY 18-19

7 Section 10(12B) WEF A.Y. 2018-19 a withdrawal from NPS less than 25% of contribution made by an employee will be exempt from tax U/s 80CCD Other than salary employee can invest up to 20% of GTI

AY 18-19

8 Surcharge at 10 percent of tax levied on rich taxpayers with income between Rs.50 Lakh and Rs.1 Crore. The rate for surcharge for the super-rich, with income above Rs.1 Crore will remain 15%.

AY 18-19

9 Capital gain in respect of Land and Building period reduced from 3 Years to 2 Years and Base year shifted from 01/04/1981 to 01/04/2001.

AY 18-19

10 Corporate tax rate for the account year 2017-18 for companies with annual turnover up to Rs.50 crores (in account year 2015-16) is reduced to 25%. No change in firm tax rate of 30%.

AY 18-19

11 Cash Donations made exceeding Rs.2000 will be not be eligible for deduction under section 80G.

AY 18-19

12 Tax exemption u/s 54EC will be available on reinvestment of capital gains in notified redeemable bonds (In addition to investment in NHAI and REC bonds).

AY 18-19

13 In absence of PAN of the buyer of specified goods, the rate of TCS will be twice of the extent rate or 5%, whichever is higher.

AY 18-19

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

AY 18-19

15 Section 71 is proposed to be amended to restrict the set-off of loss under the head 'Income from house property', in any assessment year against any other income, up to Rs. 2,00,000. The unabsorbed loss shall be allowed to be carried forward for set-off in subsequent years.

AY 18-19

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16	Under the existing provisions of section 115BBDA, dividend income in excess of Rs. 10 lakh is chargeable to tax at the rate of 10% in case of a resident individual, HUF or firm. It is proposed that the provisions of this section shall be applicable to all resident assessee except domestic company and certain funds, trusts, institutions, etc. Therefore, AOP, BOI and Artificial Jusidical persons are also liable to pay tax at rate of 10% if they receive dividend income exceeding Rs.10 lakh.	AY 18-19
17	Maximum depreciation rate to be 40%	AY 18-19
18	Section 234C has been amended to provide that if there is a shortfall in the payment of advance tax on account of under-estimation or failure in estimation of such income referred to in section 115BBDA, interest under section 234C shall not be levied if the assessee makes good the shortfall by 31st March of the financial year.	AY 18-19
19	As per Amnended provision of Section 43(1) (Actual Cost) , any payment above Rs. 10,000 in cash , shall be igonred for the purposes of determining Actul cost.	AY 18-19
20	Revision of Time Limits - u/s 153(1) Time limit for passing order Under 143 / 144 is reduced to 18 months (for AY 18-19). And further reduced to 12Months (for AY 19-20) . Further time limit u/s 153(2) i.e making assessment / Reassessment u/s 147 is also reduced to 12 Months	AY 18-19
20 CHANGES in INCOME TAX APPLICABLE FROM 01-04-2019		APPLICABLE FROM ITR OF
1	54EC benefit of investment in Bonds to be restricted to capital gains on land and building only. Further period of holding being increased from 3 years to 5 yearR.	AY 19-20
2	There is a standard deduction of Rs. 40,000 for salaried assessee in lieu of transport allowance and medical reimbursement. This standard deduction will benefit the pensioners also, who normally do not enjoy any allowance on account of transport and medical expenses. (Provision in inserted with effect from Financial Year 2018-19 vide insertion of New clause (ia) under section 16 of Income Tax Act, 1961.	AY 19-20
3	Cess levied on your tax liability has been hiked by 1 per cent from the current 3 per cent to 4 per cent.	AY 19-20
4	As per the provisions of Sec 80TTB, deduction upto Rs.50,000/- will be allowed to senior citizens who have interest income from deposits with banks or post office or co-operative banks. Interest on saving and fixed deposit, both shall be eligible for deduction under this provision. Earlier deduction u/s 80TTA upto Rs.10,000/- will not be available to senior citizens in respect of interest on saving deposits.	AY 19-20
5	Further, corresponding amendment has also been made in section 194A which provides that no tax shall be deducted at source from payment of interest to a senior citizen upto Rs.50,000/-.	AY 19-20
6	A simple one page tax return form is to be introduced for Individual 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.	AY 19-20
7	Those companies whose turnover is up to Rs. 250 crore, will now have to pay corporate tax at the rate of 25%.	AY 19-20
8	It is proposed to increase the deduction limit for payment for medical treatment of specified diseases for or by senior citizens to Rs. 1,00,000. Earlier the limit was Rs. 60,000 for senior citizens and Rs. 80,000 for very senior citizens under 80DDB	AY 19-20
9	It is proposed to increase the deduction limit for senior citizens to Rs. 50,000 for medical insurance, preventive health check-up and medical expenditure collectively UNDER 80DD	AY 19-20

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10	section 44AE of the Act to provide that, in the case of heavy goods vehicle (more than 12MT gross vehicle weight), income would deemed to be an amount equal to Rs. 1,000 per ton of gross vehicle weight or unladen weight, as the case may be, per month or part of a month for each goods vehicle or the amount claimed to be actually earned by the assessee, whichever is higher. The vehicles other than heavy goods vehicle will continue to be taxed as per the existing rates.				AY 19-20
11	New section 112A [Clause 31] is proposed to withdraw the exemption and tax long-term capital gains exceeding Rs. 1,00,000 arising from transfer of equity shares in a company or a unit of equity oriented fund or a unit of a business trust at 10%. The concessional rate of 10% is applicable to all assessees (including Foreign Portfolio Investors) where Securities Transaction Tax (ST) has been paid on the acquisition and transfer of equity shares and on transfer of units. Unrealised long term capital gains up to 31 January 2018 are proposed to be grandfathered. • For computing capital gains, cost of acquisition of equity shares and units shall be higher of— — Actual cost of acquisition; or — Fair Market Value as on 31 January, 2018 or sale consideration, whichever is lower • Capital gains shall be computed without benefit of indexation or exchange rate fluctuations				AY 19-20
12	40% of the withdrawals from National Pension System (NPS) was tax exempt for employees. This has now been extended to all assessees				AY 19-20
13	PAN to be obtained by all entities including HUF other than individuals in case aggregate of financial transaction in a year is Rs. 250,000 or more. All directors, partners and members of such entities also to obtain PAN				AY 19-20
14	no adjustment under SECTION 143(1) in respect of addition of income appearing in form 26AS OR 16A OR 16 , which has not been included in computing the total income in the return. sub-clause (vi) of the said clause shall be made in respect of any return furnished for the assessment year commencing on or after the 1st day of April,2018.				AY 19-20
15	In order to bring certainty in the wake of recent judicial pronouncement on issue of the applicability of ICDS, it is proposed that: • Marked to market or other expected loss computed in accordance with ICDS shall be allowed under section 36 of the IT Act. • Any gain or loss arising on account of change in foreign exchange rates computed in accordance with ICDS shall be treated as income or loss for the year as per section 43AA of the IT Act. • The inventory shall be valued at lower of cost or net realizable value computed in accordance with ICDS as per section 145A of the IT Act. • Construction Contract income to be computed on percentage completion method as per ICDS				AY 19-20
16	it is proposed to provide that no adjustments shall be made in a case where the variation between stamp duty value and the sale consideration is not more than 5 % of the sale consideration.				AY 19-20
17	benefit of deduction under the entire class of deductions under the heading “C.—Deductions in respect of certain incomes I.E SECTION 80IA to 80RRB ” in Chapter VIA shall not be allowed unless the return of income is filed on or before due date specified in section 139(1).				AY 19-20
18	Agricultural Commodity Derivatives not to be considered as Speculative				AY 19-20
19	tax on distributed income for equity mutual funds has been introduced at a nominal rate of 10%.				AY 19-20
20	The maximum marginal rate of tax to rise to 35.88% from 35.535%				AY 19-20