



# Union Budget 2017

## Key Takeaways

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# Economic Announcements

## Roadmap & Priorities

- Ensuring macro-economic stability and prudent fiscal management.
- Boosting on domestic demand
- Continuing with the pace of economic reforms and policy initiatives to change the lives of our people for the better.
- Focus on enhancing expenditure in priority areas of - farm and rural sector, social sector, infrastructure sector employment generation and recapitalisation of the banks.

# Economic Announcements

- Giving a statutory backing to AADHAR platform to ensure benefits reach the deserving.
- Freeing the transport sector from constraints and restrictions
- Incentivizing gas discovery and exploration by providing calibrated marketing freedom
- Enactment of a comprehensive law to deal with resolution of financial firms
- Provide legal framework for dispute resolution and re-negotiations in PPP projects and public utility contracts
- Undertake important banking sector reforms and public listing of general insurance companies undertake significant changes in FDI policy.

# Economic Announcements

## Financial Sector Reforms

- RBI to facilitate retail participation in Government securities.
- Comprehensive Central Legislation to be brought to deal with the menace of illicit deposit taking schemes.
- Increasing members and benches of the Securities Appellate Tribunal.
- Allocation of INR 25,000 crore towards recapitalisation of Public Sector Banks.
- Target of amount sanctioned under Pradhan Mantri Mudra Yojana increased to INR 1,80,000 crore.
- General Insurance Companies owned by the Government to be listed in the stock exchanges.

# Economic Announcements

## Governance and Ease of Doing Business

- A Task Force has been constituted for rationalisation of human resources in various Ministries.
- Comprehensive review and rationalisation of Autonomous Bodies.
- Bill for Targeted Delivery of Financial and Other Subsidies, Benefits and Services by using the Aadhar framework to be introduced. Introduce DBT on pilot basis for fertilizer.
- Automation facilities will be provided in 3 lakh fair price shops by March 2017.
- Amendments in Companies Act to improve enabling environment for start-ups.
- Price Stabilisation Fund with a corpus of ` 900 crore to help maintain stable prices of Pulses.
- “Ek Bharat Shreshtha Bharat” programme will be launched to link States and Districts in an annual programme that connects people through exchanges in areas of language, trade, culture, travel and tourism.

# Taxation Amendments

- It is proposed to decrease the tax rate of the slab between Rs 2.5 Lakh to Rs 5 Lakh to 5% from existing rate of 10%. This move would provide a tax relief of Rs 12,500 for taxpayers having taxable income of 5 lakhs or more.
- This move also needed a change in the existing rebate of Rs 5,000 for taxpayers having taxable income of up to Rs 5 lakh. This rebate has been reduced to Rs 2,500 and only for taxpayers having taxable income of up to Rs 3.5 lakh.
- Proposed surcharge of 10% for taxpayers having income between Rs 50 Lakh to Rs 1 Crore.

# Taxation Amendments

- It is proposed to restrict set off of loss from house property in the current year up to Rs 2 lakhs. The balance loss if any would be allowed to be carried forward for set off against house property income for eight years.
- Exemption of long term capital gain on equity shares purchased after 1 October 2004 is proposed to be limited only if the acquisition of such shares have suffered security transaction tax. Additionally, it is proposed to change the base year for indexation from 1981 to 2001.

# Taxation Amendments

- Where the capital gain arises to an assessee, being an individual or a Hindu undivided family, from the transfer of a capital asset, being land or building or both, the capital gains shall be chargeable to income-tax as income of the previous year in which the certificate of completion for the whole or part of the project is issued by the competent authority. The stamp duty value, on the date of issue of the said certificate, of his share, being land or building or both in the project, as increased by the consideration received in cash, if any, shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset.



# Taxation Amendments

- In order to relax the capital gain on sale of immovable property, it is proposed that immovable property would be considered as long term capital asset, if it is held for more than 24 months.
- To provide benefit to employee subscriber of National Pension System, it is proposed to exempt the partial withdrawal to the extent of 25% of the contributions.

# Taxation Amendments

- It is proposed to introduce payment of fee of Rs 5,000 if the tax return is filed within December of the relevant assessment year and Rs 10,000 in all other cases.
- Time limit to revise the tax return is proposed to be reduced to 12 months from existing limit of 24 months.
- Time limit for closing the scrutiny cases for the tax officer is proposed to be reduced to 18 months for Assessment Year 2018-19 and to 12 months for Assessment Year 2019-20 onwards.

# Taxation Amendments

- It is proposed to insert an *Explanation* after the fourth proviso to the sub-section (1) of s. 132 so as to provide that the *reason to believe* recorded by the income-tax authority specified therein under the said sub-section shall not be disclosed to any person or any authority or the Appellate Tribunal. **This amendment will take effect retrospectively from 1<sup>st</sup> April, 1962, the date of commencement of the Income-tax Act, 1961.**



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