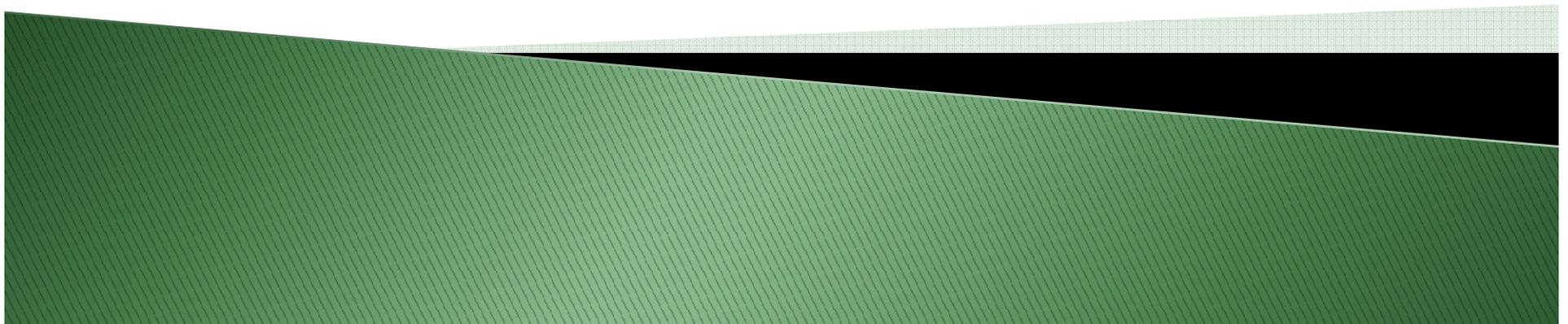




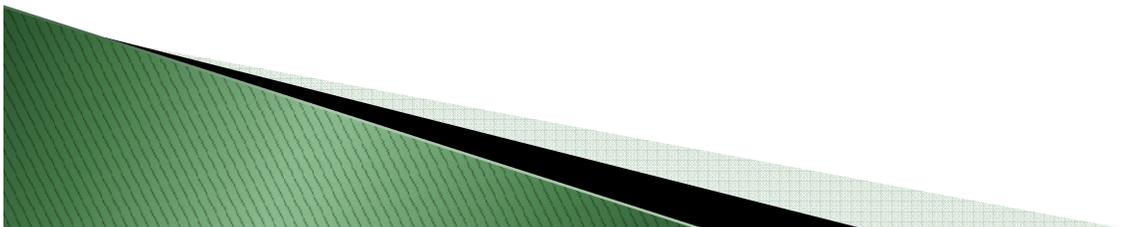
Budget 2016-2017

Key Features



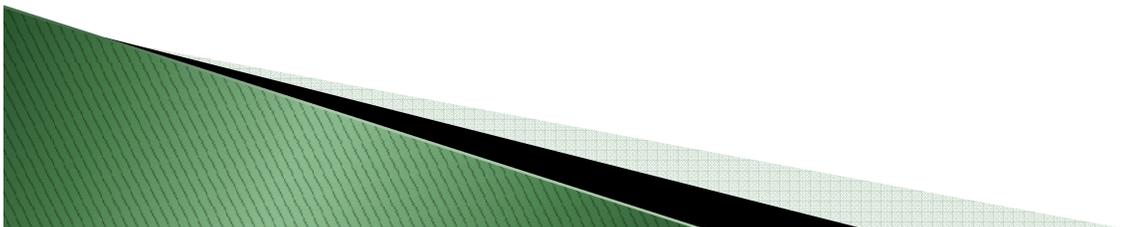
INTRODUCTION

- ▶ Growth of Economy accelerated to 7.6% in 2015-16.
- ▶ India hailed as a 'bright spot' amidst slowing global economies.
- ▶ Robust growth achieved despite adverse global conditions and shortfall in monsoon.
- ▶ Foreign exchange reserves touched highest ever level of about 350 billion US dollars.



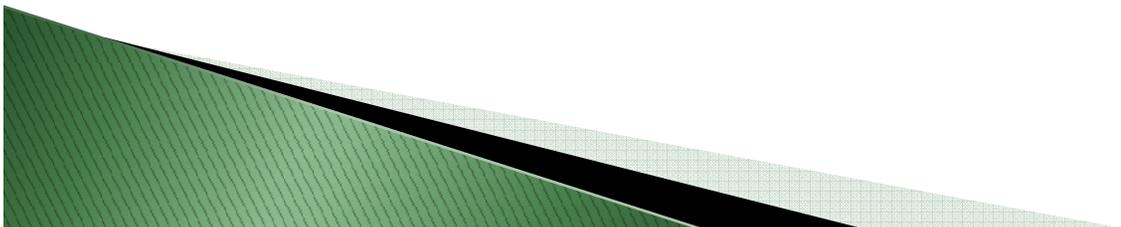
CHALLENGES IN 2016-17

- ▶ Risks of further global slowdown and turbulence.
- ▶ Additional fiscal burden on account of 7th Pay Commission recommendations and One Rank One Pension.



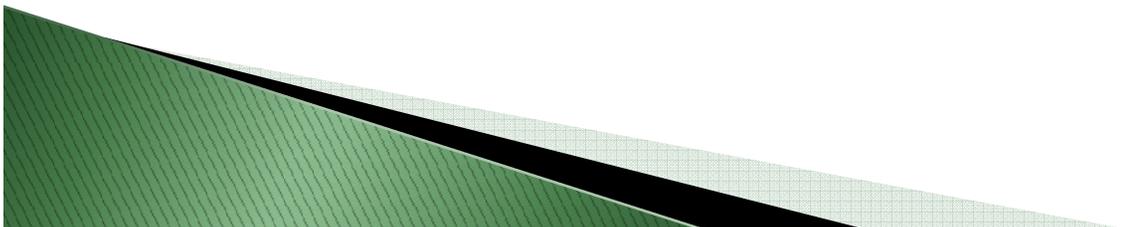
PRIORITIES

- ▶ Government focus – ensuring macro-economic stability and prudent fiscal management, boosting domestic demand, continuing economic reforms and policy initiatives, enhancing expenditure in priority areas, social sector, infrastructure sector, employment generation and recapitalisation of the banks.
- ▶ New health insurance scheme to protect against hospitalisation expenditure.
- ▶ Facility of cooking gas connection for BPL families.
- ▶ Goods and Service Tax bill and Insolvency and Bankruptcy law to be passed.
- ▶ Statutory backing to AADHAR.
- ▶ Provide legal framework for dispute resolution and re-negotiations in PPP projects and public utility contracts.
- ▶ Undertake important banking sector reforms .
- ▶ Undertake significant changes in FDI policy.



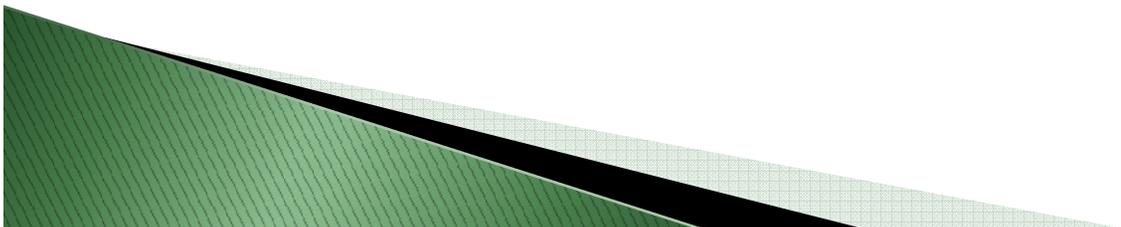
AGRICULTURE AND FARMERS' WELFARE

- ▶ Allocation for Agriculture and Farmers' welfare - Rs 35,984 crore.
- ▶ 'Pradhan Mantri Krishi Sinchai Yojana' to be implemented.
- ▶ Dedicated Long Term Irrigation Fund to be created in NABARD.
- ▶ Programme for sustainable management of ground water resources will be implemented.
- ▶ 2,000 model retail outlets of Fertilizer companies will be provided with soil and seed testing facilities during the next three years.
- ▶ Promote organic farming through 'Parmparagat Krishi Vikas Yojana' and 'Organic Value Chain Development in North East Region'.
- ▶ Unified Agricultural Marketing ePlatform to provide a common e- market platform for wholesale markets.
- ▶ Reducing the burden of loan repayment on farmers by provision of Rs 15,000 crore in 2016-17 towards interest subvention.
- ▶ Rs 850 crore allocated for four dairy projects - 'Pashudhan Sanjivani', 'Nakul Swasthya Patra', 'E-Pashudhan Haat' and National Genomic Centre for indigenous breeds.



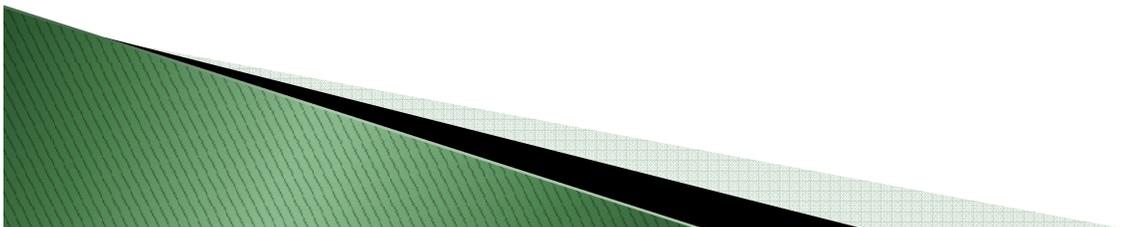
RURAL SECTOR

- ▶ Allocation for rural sector - Rs 87,765 crore.
- ▶ Rs 2.87 lakh crore to be given as Grant in Aid to Gram Panchayats and Municipalities.
- ▶ Every block under drought and rural distress will be taken up as an intensive Block under the Deen Dayal Antyodaya Mission.
- ▶ 300 Rurban Clusters will be developed under the Shyama Prasad 4 Mukherjee urban Mission.
- ▶ Rs 38,500 crores allocated under MNREGA.
- ▶ 100% village electrification by 1st May, 2018.
- ▶ Priority allocation from Centrally Sponsored Schemes to be made to reward villages that have become free from open defecation.
- ▶ 'Digital Literacy Mission Scheme' for rural India to cover around 6 crore additional household within the next 3 years.
- ▶ Revamping of National Land Record Modernisation Programme.



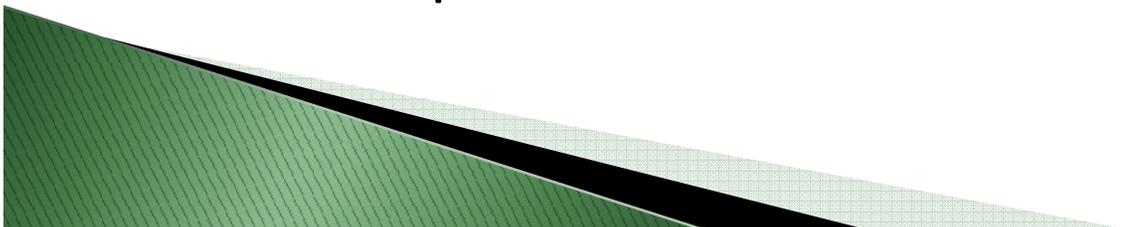
SOCIAL SECTOR INCLUDING HEALTH CARE

- ▶ Allocation for social sector including education and health care – Rs 1,51,581 crore.
- ▶ Providing LPG connections to BPL families.
- ▶ New health protection scheme will provide health cover up to Rs 1 lakh per family.
- ▶ 3,000 Stores under Prime Minister's Jan Aushadhi Yojana will be opened during 2016-17.
- ▶ National Dialysis Services Programme to be started under National Health Mission through PPP mode.
- ▶ 'Stand Up India Scheme' to facilitate at least two projects per bank branch.



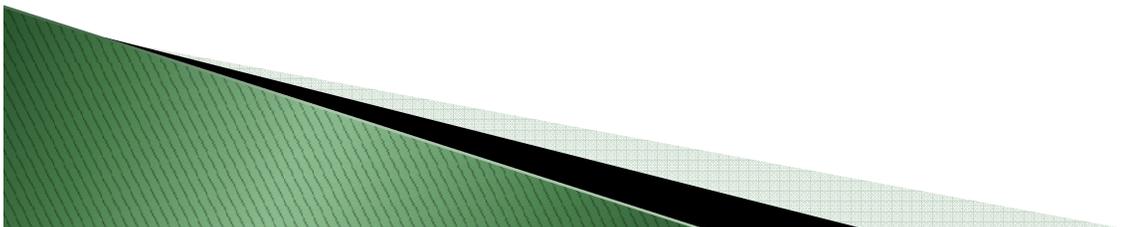
EDUCATION, SKILLS AND JOB CREATION

- ▶ 62 new Navodaya Vidyalayas will be opened.
- ▶ Sarva Shiksha Abhiyan to increasing focus on quality of education.
- ▶ Regulatory architecture to be provided to ten public and ten private institutions to emerge as world-class Teaching and Research Institutions.
- ▶ Setting up of Higher Education Financing Agency initial capital base of Rs. 1,000 Crores.
- ▶ Digital Depository for School Leaving Certificates, College Degrees, Academic Awards and Mark sheets to be set-up.



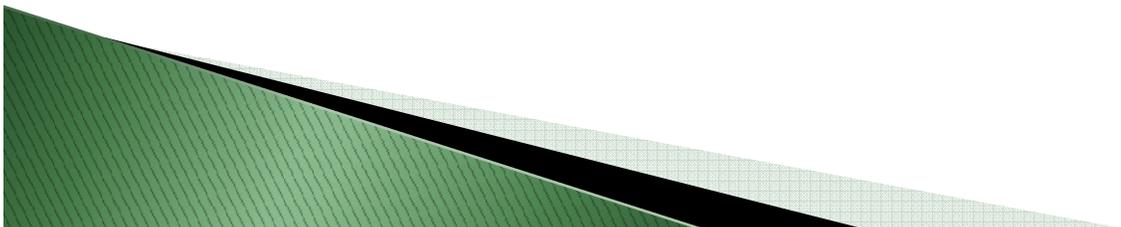
SKILL DEVELOPMENT

- ▶ Allocation for skill development – Rs 1,804 crore.
- ▶ 1500 Multi Skill Training Institutes to be set-up.
- ▶ National Board for Skill Development Certification to be setup.
- ▶ Entrepreneurship Education and Training through Massive Open Online Courses.



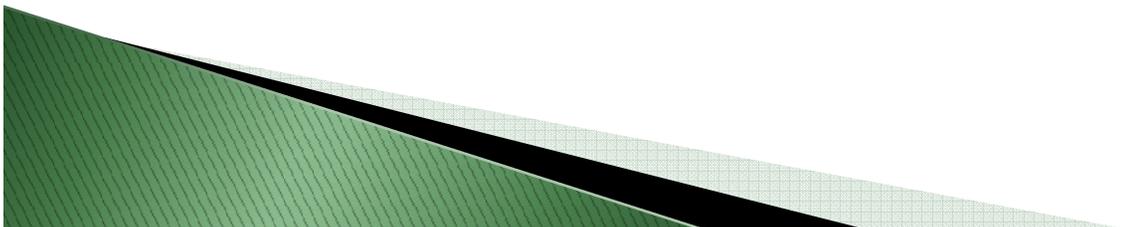
JOB CREATION

- ▶ Government will pay contribution of 8.33% for all new employees enrolling in EPFO for the first three years of their employment. Budget provision of Rs 1,000 crore for this scheme.
- ▶ Deduction under Section 80JJAA of the Income Tax Act will be available to all assesses who are subject to statutory audit under the Act.
- ▶ 100 Model Career Centers to be operational by end of 2016-17 under National Career Service.
- ▶ Model Shops and Establishments Bill to be circulated to States.



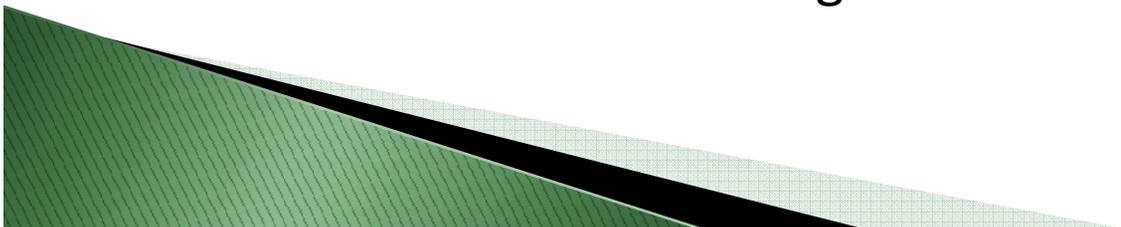
INFRASTRUCTURE AND INVESTMENT

- ▶ Total investment in the road sector would be Rs 97,000 crore during 2016-17.
- ▶ Approve nearly 10,000 kms of National Highways in 2016-17.
- ▶ Allocation of Rs 55,000 crore in the Budget for Roads. Additional Rs 15,000 crore to be raised by NHAI through bonds.
- ▶ Total outlay for infrastructure - Rs. 2,21,246 crore.
- ▶ Amendments to be made in Motor Vehicles Act to open up the road transport sector in the passenger segment.
- ▶ Action plan for revival of unserved and underserved airports to be drawn up.
- ▶ Public Utility (Resolution of Disputes) Bill will be introduced during 2016-17.
- ▶ New credit rating system for infrastructure projects to be introduced.
- ▶ Reforms in FDI policy in the areas of Insurance and Pension, Asset Reconstruction Companies, Stock Exchanges.
- ▶ 100% FDI to be allowed through FIPB route in marketing of food products produced and manufactured in India.



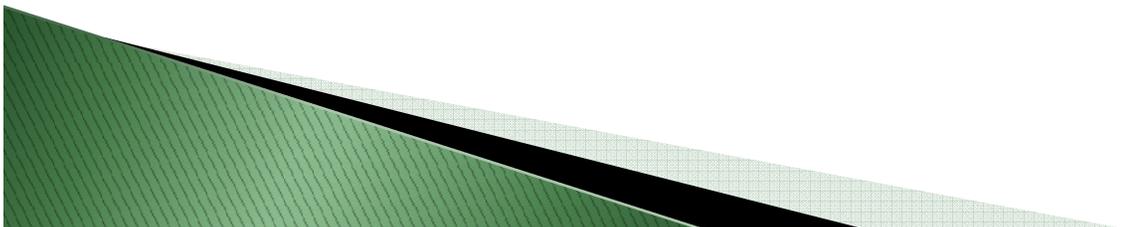
FINANCIAL SECTOR REFORMS

- ▶ Introduction of Comprehensive Code on Resolution of Financial Firms.
- ▶ Statutory basis for a Monetary Policy framework and a Monetary Policy Committee through the Finance Bill 2016.
- ▶ Financial Data Management Centre to be set up.
- ▶ RBI to facilitate retail participation in Government securities.
- ▶ Comprehensive Central Legislation to tackle illicit deposit taking schemes.
- ▶ Increasing members and benches of the Securities Appellate Tribunal.
- ▶ Allocation of Rs 25,000 crore towards recapitalisation of Public Sector Banks.
- ▶ General Insurance Companies owned by the Government to be listed in the stock exchanges.



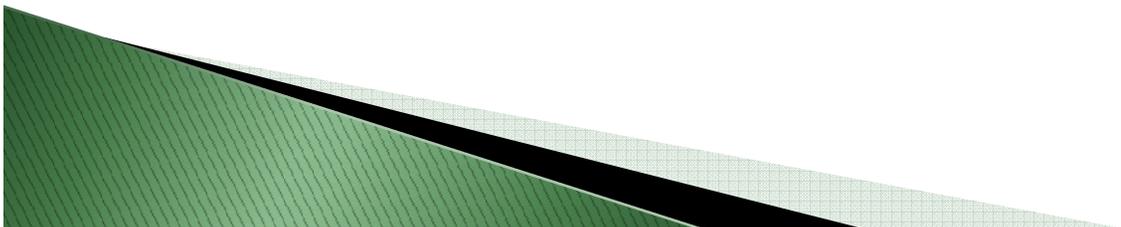
GOVERNANCE AND EASE OF DOING BUSINESS

- ▶ Task Force 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.
- ▶ Automation facilities to be provided in 3 lakh fair price shops by March 2017.
- ▶ Exemption from requirement of furnishing PAN under section 206AA to certain non-resident.
- ▶ Increase in threshold limit for audit for persons having income from profession from Rs 25 Lakh to Rs 50 Lakh.
- ▶ Amendments in Companies Act to improve enabling environment for start-ups.



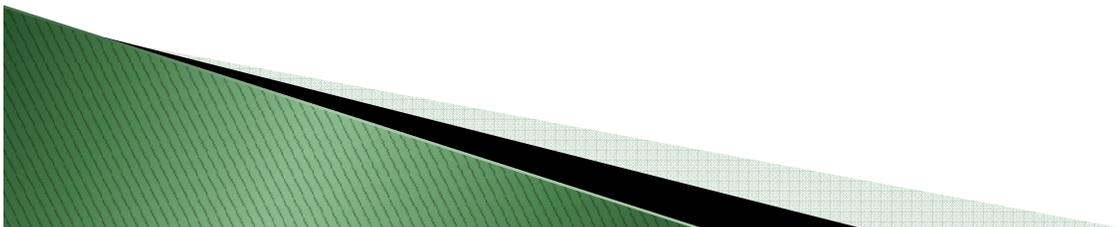
RELIEF TO SMALL TAX PAYERS

- ▶ Raise the ceiling of tax rebate under section 87A from Rs 2000 to Rs 5000 to lessen tax burden on individuals with income upto Rs 5 lakhs.
- ▶ Increase the limit of deduction of rent paid under section 80GG from Rs 24,000 per annum to Rs 60,000, to provide relief to those who live in rented houses.



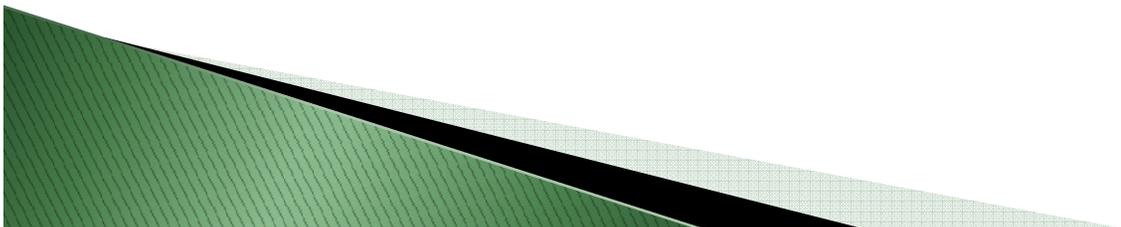
BOOST EMPLOYMENT AND GROWTH

- ▶ Turnover limit under Presumptive taxation scheme under section 44AD of the Income Tax Act increased to Rs 2 crores.
- ▶ Extend the presumptive taxation scheme with profit deemed to be 50%, to professionals with gross receipts up to Rs 50 lakh.
- ▶ Phasing out deduction under Income Tax:
 - Accelerated depreciation wherever provided in IT Act will be limited to maximum 40% from 1.4.2017
 - Benefit of deductions for Research would be limited to 150% from 1.4.2017 and 100% from 1.4.2020
 - Benefit of section 10AA to new SEZ units will be available to those units which commence activity before 31.3.2020.
 - The weighted deduction under section 35CCD for skill development will continue up to 1.4.2020



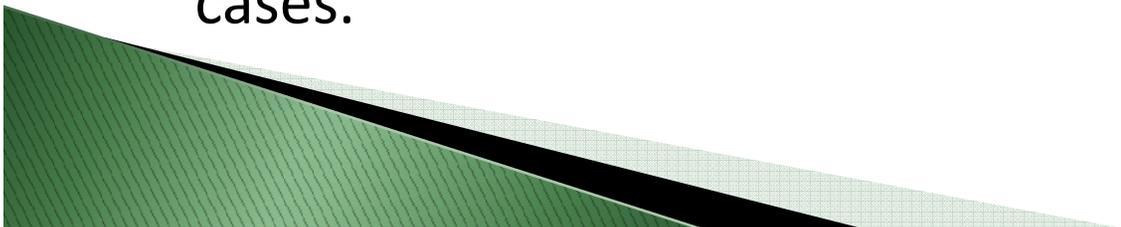
BOOST EMPLOYMENT AND GROWTH

- ▶ Corporate Tax proposals: New manufacturing companies incorporated on or after 1.3.2016 to be given an option to be taxed at 25% + surcharge and cess provided they do not claim profit linked or investment linked deductions and do not avail of investment allowance and accelerated depreciation.
- ▶ Lower the corporate tax rate for the next financial year for relatively small enterprises i.e companies with turnover not exceeding Rs 5 crore (in the financial year ending March 2015), to 29% plus surcharge and cess.
- ▶ 100% deduction of profits for 3 out of 5 years for startups setup during April, 2016 to March, 2019. MAT will apply in such cases.
- ▶ 10% rate of tax on income from worldwide exploitation of patents developed and registered in India by a resident.
- ▶ Period for getting benefit of long term capital gain regime in case of unlisted companies is proposed to be reduced from three to two years.
- ▶ Determination of residency of foreign company on the basis of Place of Effective Management (POEM) is proposed to be deferred by one year.
- ▶ Commitment to implement General Anti Avoidance Rules (GAAR) from 1.4.2017.



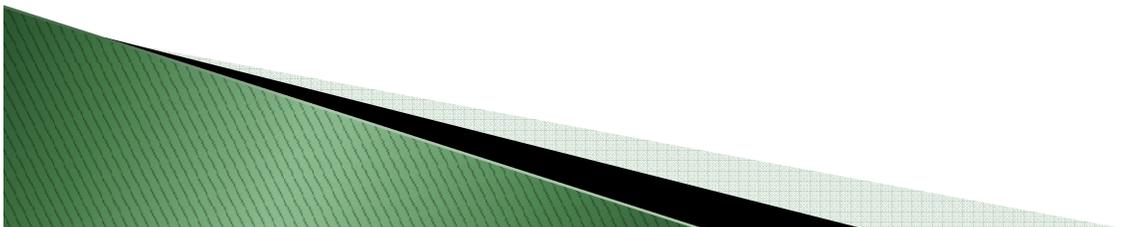
SUPERANNUATION AND PENSION

- ▶ Withdrawal up to 40% of the corpus at the time of retirement to be tax exempt in the case of National Pension Scheme (NPS). Annuity fund which goes to legal heir will not be taxable.
- ▶ Superannuation funds and recognized provident funds, including EPF - the same norm of 40% of corpus to be tax free will apply in respect of corpus created out of contributions made on or after 1.4.2016.
- ▶ Limit for contribution of employer in recognized Provident and Superannuation Fund of Rs 1.5 lakh per annum for taking tax benefit.
- ▶ Reduce service tax on Single premium Annuity (Insurance) Policies from 3.5% to 1.4% of the premium paid in certain cases.



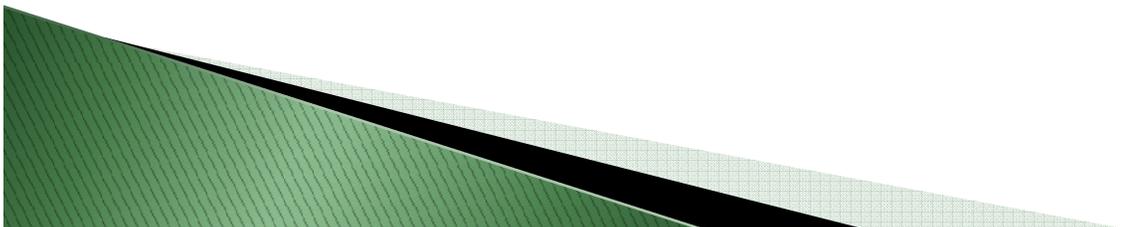
PROMOTING AFFORDABLE HOUSING

- ▶ 100% deduction for profits to an undertaking in housing project (approved during June 2016 to March 2019) for flats upto 30 sq. metres in four metro cities and 60 sq. metres in other cities, and completed in three years. MAT to apply.
- ▶ Deduction for additional interest of Rs 50,000 per annum for loans up to Rs 35 lakh sanctioned in 2016-17 for first time home buyers, where house cost does not exceed Rs 50 lakh.
- ▶ Distribution made out of income of SPV to the business trusts (REITs and Invits) having specified shareholding will not be subjected to Dividend Distribution Tax, in respect of dividend distributed after the specified date.
- ▶ Exemption from service tax on construction of affordable houses up to 60 square metres under any scheme of the Central or State Government including PPP Schemes.



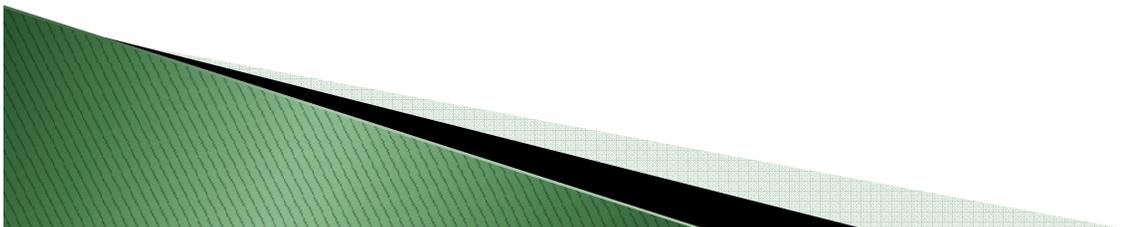
RESOURCE MOBILIZATION AND CLEAN ENVIRONMENT

- ▶ Additional tax at the rate of 10% of gross amount of dividend will be payable by the recipients receiving dividend in excess of Rs 10 lakh per annum.
- ▶ Surcharge to be raised from 12% to 15% on persons, other than companies, firms and cooperative societies having income above Rs 1 crore.
- ▶ Tax to be deducted at source at the rate of 1 % on purchase of luxury cars exceeding value of Rs 10 lakh and purchase of goods and services in cash exceeding Rs 2 lakh.
- ▶ Equalization levy of 6% of gross amount for payment made to non- residents exceeding Rs 1 lakh a year in case of B2B transactions.
- ▶ Infrastructure cess, of 1% on small petrol, LPG, CNG cars, 2.5% on diesel cars of certain capacity and 4% on other higher engine capacity vehicles and SUVs.
- ▶ Excise on readymade garments with retail price of Rs.1,000 or more raised to 2% without input tax credit or 12.5% with input tax credit.
- ▶ Excise duties on various tobacco products other than beedi raised by about 10 to 15%.



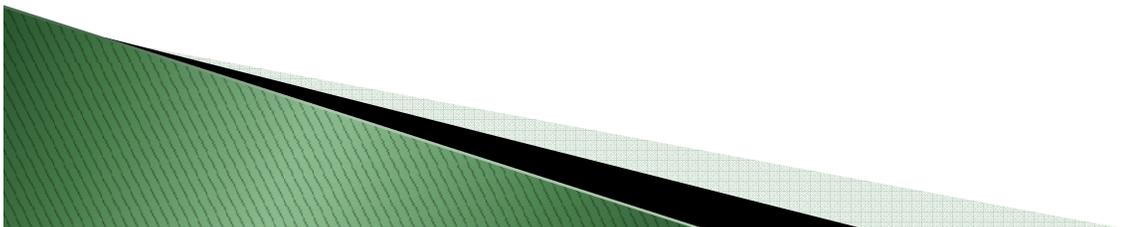
TAXATION

- ▶ Domestic taxpayers can declare undisclosed income by paying tax at 30%, and surcharge at 7.5% and penalty at 7.5%, which is a total of 45% of the undisclosed income. Immunity from prosecution.
- ▶ Surcharge levied at 7.5% of undisclosed income will be called Krishi Kalyan surcharge to be used for agriculture and rural economy.
- ▶ New Dispute Resolution Scheme to be introduced. No penalty in respect of cases with disputed tax up to Rs 10 lakh. Cases with disputed tax exceeding Rs 10 lakh to be subjected to 25% of the minimum of the imposable penalty. Any pending appeal against a penalty order can also be settled by paying 25% of the minimum of the imposable penalty and tax interest on quantum addition.
- ▶ High Level Committee chaired by Revenue Secretary to oversee fresh cases where assessing officer applies the retrospective amendment.
- ▶ One-time scheme of Dispute Resolution for ongoing cases under retrospective amendment.
- ▶ Penalty rates to be 50% of tax in case of underreporting of income and 200% of tax where there is misreporting of facts.
- ▶ Time limit of one year for disposing petitions of the tax payers seeking waiver of interest and penalty.
- ▶ Mandatory for the assessing officer to grant stay of demand once the assessee pays 15% of the disputed demand, while the appeal is pending before Commissioner of Income-tax (Appeals).
- ▶ Monetary limit for deciding an appeal by a single member Bench of ITAT enhanced from Rs 15 lakhs to Rs 50 lakhs.



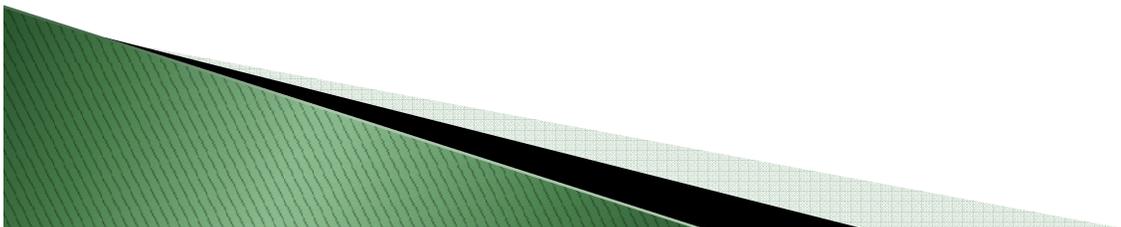
SIMPLIFICATION AND RATIONALIZATION TAXES

- ▶ 13 types of cesses, levied by various Ministries in which revenue collection is less than Rs 50 crore in a year to be abolished.
- ▶ For non-residents providing alternative documents to PAN card, higher TDS not to apply.
- ▶ Revision of return extended to Central Excise assesses.
- ▶ Additional options to banking companies and financial institutions, including NBFCs, for reversal of input tax credits with respect to non- taxable services.
- ▶ Customs Act to provide for deferred payment of customs duties for 15 importers and exporters with proven track record.
- ▶ Customs Single Window Project to be implemented at major ports and airports starting from beginning of next financial year.



TECHNOLOGY FOR ACCOUNTABILITY

- ▶ Expansion in the scope of e-assessments to all assessees in 7 mega cities in the coming years.
- ▶ Interest at the rate of 9% p.a against normal rate of 6% p.a for delay in giving effect to Appellate order beyond ninety days.
- ▶ 'e-Sahyog' to be expanded to reduce compliance cost, especially for small taxpayers



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