
BUDGET 2017-18 HIGHLIGHTS

- This Budget has been termed as “ **A Policy and targeted delivery based Budget** ” by our Hon. Finance Minister
- Three major reforms in the current Budget compared to previous Budget:
 - To optimize allocation of Resources this budget has done away with Plan and non-Plan expenditure
 - Merger of Railway & Union budget
 - Advancement of date of presentation of Budget from 28th Feb to 1st Feb to provide appropriation of budgeted expenditure and implementation of proposals/policy’s proposed in the Budget with effect from 1st April’17
- Three major challenges for emerging economies as perceived by the Hon’ Finance Minister:
 - US Federal stance with regards to the current monetary policy whereby the Policy rates are changed more than once in 2017, which may led to reduction in Capital inflows & higher outflows from emerging economies ,
 - uncertainty over commodity prices especially crude oil prices,
 - signs of increasing retreat from globalization of goods as protectionist fears build up
- Reforms :
 - Are expected in sectors of Commodity Trading, Cyber Security, Foreign Direct Investment Policy, Financial Sector, Education sector, Labour Law and Public Sector Entities.
 - There were indications in the Budget speech for
 - Restructuring of Oil & Gas Sector,
 - Listing of Public Sector entity especially Railways on Stock Exchange,
 - Recapitalization of Banks if needed,
 - Emphasis was given on Transparency and Digitalization, a step ahead towards cash-less economy
 - Head Post office to act as front office for rendering Passport related services
 - Comprehensive web based platform for Pension payment to Defense personnel’s

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- Legislative amendments proposed to confiscate assets of Big time offenders including Economic offenders
 - Interest rates on Secured Loans proposed to be based on Transaction history of the Borrower
 - Affordable Housing

APPROPRIATION OF FUNDS

- Areas focused on for Appropriation:
 - Farmers :
 - Increase in credit limit and coverage of Fasal Bima Yojana, emphasis on Soil Health Card system,
 - Market reforms,
 - Setting up of
 - Long-term irrigation fund in NABARD
 - Dairy processing infra fund
 - Dedicated micro-irrigation fund
 - Model Laws on Contract farming
 - Rural :
 - Increased in Allocation to MGNREGA,
 - Rural Infrastructure and affordable housing
 - 100% Rural Electrification,
 - Skill Development
 - Youth
 - Education, empowerment and Skill Development
 - Poor & the Underprivileged
 - Women & Girl child Empowerment
 - Action plan to eliminate chronic illness

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- Ensuring adequate availability of Doctors, indicating regulatory reforms in Medical sector
 - Two new AIIMS in Jharkhand and Gujarat
 - Labour Law reforms
 - Introduction of Model Shop & Establishment Bill
 - Amendment in Payment of Wages Act
 - 35% increase in allocation compared to previous budget to Sch. Caste, Sch tribes and Minority affairs section
 - Introduction of Adhaar based Health smart card system for senior citizens
 - Infrastructure
 - Total allocation for infrastructure: INR. 3.96 trillion
 - Reforms indicated in Railway, Telecom, Aviation and Land transportation sector
 - Indication of Public Private Partnership in certain sectors
 - Emphasis on promotion of
 - Solar Power Development
 - Electronics Manufacturing Sector
 - Financial Sector
 - Reforms in Foreign Direct Investment (FDI) Policy
 - More than 90% FDI invested thru automatic route
 - Online processing of FDI application
 - Measures to abolish FIPB
 - Integration of Spot & Derivative markets for Commodity Trading
 - Measures to be introduced to reform financial sector
 - Cyber-security: Computer emergency response team to be set up
 - Listing of Public Sector Entities to foster public accountability; revised mechanism for time-bound listing

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- Integration of Oil & Gas Sector to match up with International standards
 - Digital Economy
 - India at cusp of massive digital revolution
 - Govt to launch 2 new schemes to promote BHIM scheme including cashback scheme for merchants
 - AADHAAR based payment system to be launched for people who don't have mobile phones
 - Introduction of facilities at schools, colleges, Universities, Petrol Pump etc. for digital payments
 - To Set up of Payment regulatory Board by Reserve Bank of India
 - Public Service : Effective Governance
 - Govt recruitment: To introduce two-tier exam system Head Post office to act as front office for rendering Passport related services
 - Comprehensive web based platform for Pension payment to Defense personnel's
 - Legislative amendments proposed to confiscate assets of Big time offenders including Economic offenders
 - Prudent Fiscal Management
 - Sustainable debt path , key to prudent fiscal management
 - FRBM review panel has recommended debt-to-GDP of 60%
 - Done away with bifurcation of Planned and unplanned expenditure
 - Revenue deficit for FY 17-18 projected to be 1.9% of GDP and is lower than as compared to the revenue deficit of 2.1% for FY 16-17
 - Total budget expenditure:
 - INR 21 trillion is divided between Revenue and Capital expenditure with increase in capital expenditure allocation by 25.4% compared to previous year
 - Includes Defense expenditure excluding pensions: INR 2,74,114 crore
 - Consumer Price Index Inflation expected to remain within the range of 2% to 6%

- Tax Administration
 - Direct tax collection not commensurate with income/expenditure pattern of India
 - As expressed by the Hon' Finance Minister, India is a largely a tax non-compliant society; predominance of cash in society enables tax evasion. Measures to be taken to curb this
 - Transparency in political funding:
 - Since Political Parties continue to receive anonymous donations; proposed system of cleaning up:
 - Maximum amount of cash donation that can be received is INR 2,000 per donor;
 - political parties can receive donations by cheques or digitally;
 - amendment proposed to RBI to issue electoral bonds;
 - every party has to file returns within specified time
 - Tax exemption to Registered Political party permitted subject to fulfilment of aforementioned conditions
 - Demonetization has led to increase in Tax net, Tax revenue and elimination of Black money

TAX PROPOSALS

- To reduce personal income tax for those at the bottom end of the Income scale:
 - Tax rate reduced from 10% to 5% for those whose taxable income falls within the bracket of 2.5lacs to 5 lacs
 - Rebate u/s 87A reduced to INR 2500/- for taxable income up to INR 3.50 lacs
 - Simple one page tax form if Taxable Income (excluding Income from business & profession) up to INR 5 Lakhs
- Surcharge @ 10% to be levied if Annual taxable Income of INR 50Lacs to INR 1 crore and @ 15% if it exceeds INR 1 crore

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- To reduce *Corporate* Income Tax rate for Medium and small enterprises (MSME) with an annual turnover up to INR 50 crores to 25%
 - Relaxation extended on withholding taxes on foreign investors interest income from debt until June 30, 2020
 - Holding period in case of immovable property for the purpose of calculations of Long term Capital gain to be reduced from 36 months to 24 months.
 - Capital gain Inflation index: Base year for purpose of calculations of Capital gains in case of assets acquired prior to 01.04.2001 shifted from 01.04.1981 to 01.04.2001.
 - Proposal to provide more investment options for saving Capital gain tax in the bucket of 54 EC investments
 - Cash donations received by trust restricted to INR 2000/-
 - Minimum alternative tax (MAT) not abolished but proposal to carry forward MAT credit up to 15 years
 - Cash expenses to be restricted to INR 10,000/-
 - Cash transaction not permitted above INR 3 Lakhs
 - In case of Presumptive taxation the rate of profit presumed u/s 44AD reduced from 8% to 6% in case of turnover received thru non cash means. The turnover limit of turnover for presumptive taxation was increased for INR 1 crore to INR 2 crore in previous budget itself
 - Rules for eligibility to carry forward of losses by start up's relaxed up to a certain extent
 - Income Tax returns filed on due dates can be revised within the period of 12 months from the end of financial year
 - Time limit revised and reduced for completion of Scrutiny assessments and issuance of refunds if any
 - Threshold limit revised for maintenance of Books of Accounts by Individuals & HUF's from INR 10 lacs to INR 25 lacs
 - No notional Income for House property held has stock in trade up to a period of 1 year from obtaining completion of construction certificate.

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