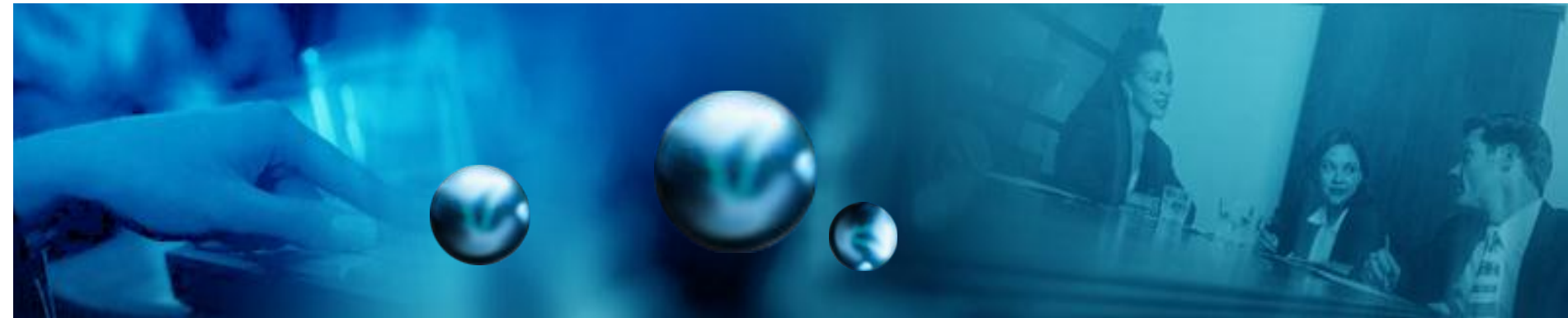


An overview of Finance Bill, 2015



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Budget Highlights

- Road map for Fiscal deficit 2015-16 estimated at 3.90% of GDP
2016-17 targeted at 3.50%
2017-18 targeted at 3.00%.
- GDP Growth 2015-16 Projected at 8 to 8.5%
- Direct Tax Revenue Loss Rs. 8315 crore
- Indirect Tax Yield Rs. 23383 crore
- Net Revenue Gain Rs15068 crore
- CPI inflation projected at 5% by the end of the year.
- Monetary Policy Framework Agreement with RBI, to keep inflation below 6%.



Budget Estimates

Particulars	Amount (Rs)
Non-Plan expenditure	Rs.13,12,200 crore.
Plan expenditure	Rs.4,65,277 crore.
Total Expenditure	Rs.17,77,477 crore.
Gross Tax receipts	Rs. 14,49,490 crore.
Devolution to the States	Rs. 5,23,958 Crore
Share of Central Govt	Rs. 9,19,842 Crore
Non Tax Revenues for 2016-17	Rs. 2,21,733 Crore

Particulars	Percentage
Fiscal Deficit	3.9 %
Revenue Deficit	2.8%



TAX PROPOSAL

- Wealth-tax replaced with additional surcharge of 2 per cent on super rich with a taxable income of over Rs.1 crore annually.
- No change in rate of personal income tax.
- Proposal to reduce corporate tax from 30% to 25% over the next four years, starting from next financial year.
- Rationalisation and removal of various tax exemptions and incentives to reduce tax disputes and improve administration.
- Exemption to individual tax payers to continue to facilitate savings.
- Efforts on various fronts to implement GST from next year.

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- Rationalisation of capital gains regime for the sponsors exiting at the time of listing of the units of REITs and InvITs.
- Rental income of REITs from their own assets to have pass through facility.
- Permanent Establishment (PE) norm to be modified to encourage fund managers to relocate to India.
- Additional investment allowance (@ 15%) and additional depreciation (@35%) to new manufacturing units set up during the period 01-04-2015 to 31-03-2020 in notified backward areas of Andhra Pradesh and Telangana.

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- Rate of Income-tax on royalty and fees for technical services reduced from 25% to 10% to facilitate technology inflow.
- Benefit of deduction for employment of new regular workmen to all business entities and eligibility threshold reduced.
- Balance of 50% of additional depreciation @ 20% for new plant and machinery installed and used for less than six months by a manufacturing unit or a unit engaged in generation and distribution of power is to be allowed immediately in the next year.

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- Simplification of tax procedures.
- Monetary limit for a case to be heard by a single member bench of ITAT increase from Rs. 5 lakh to Rs.15 lakh.
- Domestic transfer pricing threshold limit increased from Rs. 5 crore to Rs. 20 crore.
- MAT rationalised for FIIs and members of an AOP.
- Donation made to National Fund for Control of Drug Abuse (NFCDA) to be eligible for 100% deduction u/s 80G of Income-tax Act.
- Seized cash can be adjusted towards assessee's tax liability.
- Tax Administration Reform Commission (TARC) recommendations to be appropriately implemented during the course of the year.

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- 100% deduction for contributions, other than by way of CSR contribution, to Swachh Bharat Kosh and Clean Ganga Fund.
- Clean energy cess increased from Rs.100 to Rs. 200 per metric tonne of coal, etc. to finance clean environment initiatives.



Black Money

Key features of new law on black money:

- Evasion of tax in relation to foreign assets to have a punishment of rigorous imprisonment upto 10 years, be non-compoundable, have a penalty rate of 300% and the offender will not be permitted to approach the Settlement Commission.
- Non-filing of return/filing of return with inadequate disclosures to have a punishment of rigorous imprisonment upto 7 years.
- Undisclosed income from any foreign assets to be taxable at the maximum marginal rate.

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- Mandatory filing of return in respect of foreign asset.
- Entities, banks, financial institutions including individuals all liable for prosecution and penalty.
- Concealment of income/evasion of income in relation to a foreign asset to be made a predicate offence under PML Act, 2002.
- PML Act, 2002 and FEMA to be amended to enable administration of new Act on black money.

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- Acceptance or re-payment of an advance of Rs. 20,000 or more in cash for purchase of immovable property to be prohibited.
- PAN being made mandatory for any purchase or sale exceeding Rupees 1 lakh.
- Provision to tackle splitting of reportable transactions.
- Third party reporting entities would be required to furnish information about foreign currency sales and cross border transactions.



Benefits to middle class tax-payers

Section	Particulars	Old Limit	New Limit
80CCC	Contribution to Pension Fund	Rs. 100000	Rs. 150000
80CCD	Contribution to New Pension Scheme of Central Govt.	10% of salary	Rs. 50000
80D	Health Insurance Premium	Rs. 15000	Rs. 25000
	For senior citizens	Rs. 20000	Rs. 30000
	medical expenditure of Senior Citizen above age of 80 yrs		Rs. 30000
80DDB	For Senior Citizen	Rs. 60000	Rs. 80000
80U	Additional deduction for differently abled persons	Rs. 100000	Rs. 125000



Other Benefits/Exemptions

- Deposit in Sukanya Samriddhi scheme to be fully exempt.
- Yoga to be included within the ambit of charitable purpose under Section 2(15) of the Income-tax Act.
- For genuine charitable institutions, modification in ceiling on receipts from activities in the nature of trade, commerce or business to 20% of the total receipts from the existing ceiling of Rs 25 lakh.
- Pradhan Mantri Suraksha Bima Yojna to cover accidental death risk of Rs. 2 Lakh for a premium of just Rs.12 per year.

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- Atal Pension Yojana to provide a defined pension, depending on the contribution and the period of contribution. Government to contribute 50% of the beneficiaries' premium limited to Rs. 1,000 each year, for five years, in the new accounts opened before 31st December 2015.
- Pradhan Mantri Jeevan Jyoti Bima Yojana to cover both natural and accidental death risk of Rs. 2 lakh at premium of Rs. 330 per year for the age group of 18-50.



Custom Duty

- Increase in basic custom duty:
 - ◆ Metallurgical coke from 2.5 % to 5%.
 - ◆ Tariff rate on iron and steel and articles of iron and steel increased from 10% to 15%.
 - ◆ Tariff rate on commercial vehicle increased from 10 % to 40%.
- Basic custom duty on digital still image video camera with certain specification reduced to nil.
- Artificial heart exempt from basic custom duty of 5% and CVD.
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- Basic Custom duty on certain inputs, raw materials, intermediates and components in 22 items, reduced to minimise the impact of duty inversion.
- All goods, except populated printed circuit boards for use in manufacture of ITA bound items, exempted from SAD.
- SAD reduced on import of certain inputs and raw materials.



Excise Duty

- Excise duty on rails for manufacture of railway or tram way track construction material exempted retrospectively from 17-03-2012 to 02-02-2014, if not CENVAT credit of duty paid on such rails is availed.
- Excise duty exemption for captively consumed intermediate compound coming into existence during the manufacture of agarbathi.
- Excise duty on chassis for ambulance reduced from 24% to 12.5%.
- Online central excise and service tax registration to be done in two working days.



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- Education cess and the Secondary and Higher education cess to be subsumed in Central Excise Duty.
- Specific rates of central excise duty in case of certain other commodities revised.
- Excise levy on cigarettes and the compounded levy scheme applicable to pan masala, gutkha and other tobacco products also changed.
- Excise duty on footwear with leather uppers and having retail price of more than Rs.1000 per pair reduced to 6%.
- Time limit for taking CENVAT credit on inputs and input services increased from 6 months to 1 year.

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- Central excise/Service tax assesses to be allowed to use digitally signed invoices and maintain record electronically.
- Penalty provision in indirect taxes are being rationalised to encourage compliance and early dispute resolution.
- Excise duty on sacks and bags of polymers of ethylene other than for industrial use increased from 12% to 15%.



Service Tax

- Service-tax plus education cesses increased from 12.36% to 14% to facilitate transition to GST.
 - Service-tax to be levied on service provided by way of access to amusement facility, entertainment events or concerts, pageants, non recognised sporting events etc.
 - Enabling provision made to exclude all services provided by the Government or local authority to a business entity from the negative list.
 - Service-tax exemption to construction, erection, commissioning or installation of original works pertaining to an airport or port withdrawn.
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- Transportation of agricultural produce to remain exempt from Service-tax.
- Central excise/Service tax assesses to be allowed to use digitally signed invoices and maintain record electronically.
- Enabling provision to levy Swachh Bharat cess at a rate of 2% or less on all or certain services, if need arises.
- Services by common affluent treatment plant exempt from Service-tax.
- Service Tax exemption extended to certain pre cold storage services in relation to fruits and vegetables so as to incentivise value addition in crucial sector.

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- Service-tax exemption:
 - ◆ Services of pre-conditioning, pre-cooling, ripening etc. of fruits and vegetables.
 - ◆ Life insurance service provided by way of Varishtha Pension Bima Yojana.
 - ◆ All ambulance services provided to patients.
 - ◆ Admission to museum, zoo, national park, wild life sanctuary and tiger reserve.
 - ◆ Transport of goods for export by road from factory to land customs station.



Impact of Budget on the various sectors

S. No.	Sector	Impact
1	Agriculture	<ul style="list-style-type: none">• Rs. 5,300 crore to support micro-irrigation, watershed development and the 'Pradhan Mantri Krishi Sinchai Yojana'. States urged to chip in.• Rs.25,000 crore in 2015-16 to the corpus of Rural Infrastructure Development Fund (RIDF) set up in NABARD; Rs.15,000 crore for Long Term Rural Credit Fund; Rs. 45,000 crore for Short Term Co-operative Rural Credit Refinance Fund; and Rs.15,000 crore for Short Term RRB Refinance Fund.• Target of Rs.8.5 lakh crore of agricultural credit during the year 2015-16..



Impact of Budget on the various sectors Contd...

S. No.	Sector	Impact
1	Agriculture (Contd...)	<ul style="list-style-type: none">•Focus on improving the quality and effectiveness of activities under MGNREGA, Paramparagat Krishi Vikas Yojana and Pradhanmantri Gram Sinchai Yojana’.•To create a National Agriculture Market for the benefit farmers. Government to work with the States, in NITI, for the creation of a Unified National Agriculture Market.• Major steps take to address the two major factors critical to agricultural production, that of soil and water



Impact of Budget on the various sectors Contd...

S. No.	Sector	Impact
2	Infrastructure	<ul style="list-style-type: none">•National Investment and Infrastructure Fund (NIIF), to be established with an annual flow of Rs. 20,000 crores to it.•Tax free infrastructure bonds for the projects in the rail, road and irrigation sectors.•PPP mode of infrastructure development to be revisited and revitalised.•Atal Innovation Mission (AIM) to be established to provide Innovation Promotion Platform. A sum of Rs.150 crore will be earmarked.•5 new Ultra Mega Power Projects, each of 4000 MW, in the Plug-and-Play mode.



Impact of Budget on the various sectors

Contd...

S. No.	Sector	Impact
2	Infrastructure (Continue...)	<ul style="list-style-type: none">•(SETU) Self-Employment and Talent Utilization) to be established to support all aspects of start-up business. Rs. 1000 crore to be set aside as initial amount in NITI.•Ports in public sector will be encouraged, to corporatize, and become companies under the Companies Act to attract investment and leverage the huge land resources.•An expert committee to examine the possibility and prepare a draft legislation where the need for multiple prior permission can be replaced by a pre-existing regulatory mechanism. This will facilitate India becoming an investment destination.



Impact of Budget on the various sectors Contd...

S. No.	Sector	Impact
3	Financial Market	<ul style="list-style-type: none">• Forward Markets commission to be merged with SEBI.• Section-6 of FEMA to be amended through Finance Bill to provide control on capital flows as equity will be exercised by Government in consultation with RBI.• Proposal to create a Task Force to establish sector-neutral financial redressal agency that will address grievance against all financial service providers.• India Financial Code to be introduced soon in Parliament for consideration.• Vision of putting in place a direct tax regime, which is internationally competitive on rates, without exemptions.



Impact of Budget on the various sectors Contd...

S. No.	Sector	Impact
3	Financial Market (Continue)	<ul style="list-style-type: none">•Government to bring enabling legislation to allow employee to opt for EPF or New Pension Scheme. For employee's below a certain threshold of monthly income, contribution to EPF to be option, without affecting employees' contribution.•Gold monetisation scheme to allow the depositors of gold to earn interest in their metal accounts and the jewellers to obtain loans in their metal account to be introduced.•Sovereign Gold Bond, as an alternative to purchasing metal gold scheme to be developed•Commence work on developing an Indian gold coin, which will carry the Ashok Chakra on its face.



Impact of Budget on the various sectors Contd...

S. No.	Sector	Impact
4	Tourism	<ul style="list-style-type: none">•Resources to be provided to start work along landscape restoration, signage and interpretation centres, parking, access for the differently abled , visitors' amenities, including securities and toilets, illumination and plans for benefiting communities around them at various heritage sites.•Visas on arrival to be increased to 150 countries in stages.
5	Energy	<ul style="list-style-type: none">•Target of renewable energy capacity revised to 175000 MW till 2022, comprising 100000 MW Solar, 60000 MW Wind, 10000 MW Biomass and 5000 MW Small Hydro.•Proposal to introduce a public Contracts (resolution of disputes) Bill to streamline the institutional arrangements for resolution of such disputes.



Skill Development in various sectors

- Less than 5% of our potential work force gets formal skill training to be employable. A national skill mission to consolidate skill initiatives spread accross several ministries to be launched.
- Deen Dayal Upadhyay Gramin Kaushal Yojana to enhance the employability of rural youth.
- A Committee for 100th birth celebration of Shri Deen Dayalji Upadhyay to be announced soon.
- A student Financial Aid Authority to administer and monitor the front-end all scholarship as well Educational Loan Schemes, through the Pradhan Mantri Vidya Lakshmi Karyakram.

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- An IIT to be set up in Karnataka and Indian School of Mines, Dhanbad to be upgraded in to a full-fledged IIT.
- New All India Institute of Medical Science (AIIMS) to be set up in J&K, Punjab, Tamil Nadu, Himachal Pradesh and Assam. Another AIIMS like institutions to be set up in Bihar.
- A post graduate institute of Horticulture Research & Education is to be set up in Amritsar.
- 3 new National Institute of Pharmaceuticals Education and Research in Maharashtra, Rajasthan & Chattisgarh and one institute of Science and Education Research is to be set up in Nagaland & Orissa each.

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- An autonomous Bank Board Bureau to be set up to improve the governance of public sector bank.
- The National Optical Fibre Network Programme (NOFNP) to be further speeded up by allowing willing states to execute on reimbursement of cost basis.
- Special assistance to Bihar & West Bengal to be provided as in the case of Andhra Pradesh.
- Government is committed to comply with all the legal commitments made to AP & Telengana at the time of their re-organisation.

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- In spite of large increase in devolution to state sufficient fund allocated to education, health, rural development, housing, urban development, women and child development, water resources & cleaning of Ganga.
- Part of Delhi-Mumbai Industrial Corridor (DMIC); Ahmedabad-Dhule Investment region and Shendra-Bidkin Industrial Park are now in a position to start work on basic infrastructure.
- Make in India and the Buy and the make in India policy are being carefully pursued to achieve greater self-sufficiency in the area of defence equipment including air-craft.
- The first phase of Gujarat International Finance Tec-city (GIFT) to become a reality very soon. Appropriate regulations to be issued in March.



Thank You...!!!

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