

Income tax, SBI min bal, general insurance premium: full list of changes

For lakhs and lakhs of employees working in government organisations and private entities, the dawn of the new financial year (2017-18) beginning today marks the changes to personal income tax slabs the government had introduced during the Union Budget in February this year.

By the end of last month, the Lok Sabha had completed the budgetary exercise and also cleared the Finance Bill. Besides this, the amendments introduced in the Finance Bill was also passed by the Lok Sabha.

Other than the income tax rates, employees will also have to take note of other important aspects of tax related matters that will be applicable in this financial year.

Here are the 10 important income-tax changes that tax payers need to take note of for this financial year:

1) To put more money into the hands of employees, the government has cut tax rate by half to 5 percent from 10 percent for employees in the yearly income group between Rs 2.5 and Rs 5 lakh. The move is expected to help them save tax of up to Rs 12,500 a year, according to *The Economic Times*. A tax saving of Rs 14,806 a year, including surcharge and cess, will be available for income above Rs 1 crore a year. And for people whose taxable income is between Rs 5 lakh and Rs 50 lakh, tax savings amount to Rs 12,900.

2) A simple one page form will be introduced for filing tax returns to tax payers with income up to Rs 5 lakh and excluding any business income. The I-T department will not scrutinize those who are filing their tax returns for the first time in this category.

3) Delay in filing tax return for this financial year (2017-18) will attract a penalty of Rs 5,000, if filed by 31 December, 2018, and the penalty will be higher if filed beyond this date. However, for small tax payers with income up to Rs five lakh, the penalty has been restricted to Rs 1,000.

4) For investment under Rajiv Gandhi Equity Saving Scheme, no deduction will be available from the assessment year 2018-19. The previous UPA government had introduced this tax-saving scheme in the Union Budget for financial year 2012-13 with an aim to encourage first-time investors in the securities market.

5) Long-term holding period for an immovable property has been reduced to two years from three earlier. Hence, the new law coming in place will ensure that an immovable property held over for two years will be taxed at a reduced rate of 20 percent, with various exemptions eligible on reinvestment, the ET report said.

6) Looking to cash in on long term capital gains tax may not be fruitful as beneficial amendments would result in lower profits on sales. The government has changed the base year for indexation of cost to 1 April, 2001 from 1 April, 1981.

7) Tax exemption on reinvestment of capital gains in notified redeemable bonds will be available for individuals in addition to investment in NHAI and REC bonds.

8) For rental payments in excess of Rs 50,000 a month, individuals will have to deduct a five percent TDS (tax deducted at source). According to tax experts, this move will enable the government to bring people with large rental income into the tax net. This will come into effect from 1 June, 2017.

9) The government has also made Aadhaar compulsory while applying for PAN and filing income tax returns from 1 July. In fact, the Centre in a bid to curb black money from the system has limited cash transactions at Rs two lakh against the originally proposed cap at Rs three lakh.

10) Individuals will not have to pay any tax in case of partial withdrawals from National Pension System (NPS). The proposed changes allows NPS subscribers to withdraw 25 percent of their contribution to the corpus for emergencies before retirement. Remember that withdrawal of 40 percent of the corpus is tax-free on retirement, the *NDTV* report says.

11) Apart from the changes to income tax rates, individuals will also have to brace for higher insurance premium starting today on cars, motorcycles and health insurance beginning this financial year, as the regulator IRDAI has given its nod for insurers to revise commission of the agents. The change in premium after modification will be limited to +/- 5 per cent of the existing rates. The increase will be in addition to the enhanced third party motor insurance rates, which too will come into effect beginning this month.

12) For lakhs of customers of India's largest commercial bank State Bank of India, penalty will be charged starting today, if a minimum balance of Rs 5,000 is not maintained every month. In metropolitan areas, there will be a charge of Rs 100 plus service tax, if the balance falls below 75 percent of the MAB of Rs 5,000. If the shortfall is 50 percent or less of the MAB, then the bank will charge Rs 50 plus service tax.

13) Further, SBI will not levy any charge on withdrawals from its own ATMs if the balance exceeds Rs 25,000. However, it will charge Rs 15 for SMS alerts per quarter from debit card holders who maintain average quarterly balance of up to Rs 25,000 during the three months period. Also, there will be no charge for UPI/ USSD transactions of up to Rs 1,000

(<http://www.firstpost.com>)