

## **Income tax: All you want to know about changes in personal tax over last 5 budgets**

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INDIVIDUAL taxpayers have high expectations of tax relief from the Union Budget. The relief is majorly brought in with decrease in tax rate, change in tax slabs, increasing limits of existing deductions or introducing new deductions. With Budget 2017 less than one month away, we look back how personal tax has changed in last five budgets.

### **Tax slabs**

Traditionally, increase in tax slab has been one of the most popular ways of granting relief to the individual taxpayers. The only change in tax slab from FY13 to FY17 has been the increase in basic exemption limit from Rs 2 lakh to Rs 2.5 lakh. In these five years, surcharge has been re-introduced for taxpayers having taxable income above Rs 1 crore. There has been intermediate changes in the rates, making current applicable surcharge rate 15% of total tax payable.

### **Abolition of wealth tax**

Budget 2015 announced the abolition of wealth tax, where the rate was 1% applicable for taxpayers having net wealth over Rs 30 lakh.

### **Increase in deduction limits**

There are various limits set by I-T Act which are fixed and not linked to income, inflation or any other variable. For example, deduction under Section 80C, exemptions specified under Rule 2BB, etc. Here are some such changes:

The investment linked deduction under Section 80C was capped at maximum of Rs 1 lakh. Budget 2014 increased this limit to Rs 1.5 lakh.

Budget 2015 increased the maximum deduction limit of Rs 15,000 to Rs 25,000 for medical insurance premium. The limit of deduction for medical insurance premium for senior citizens was increased from Rs 20,000 to Rs 30,000.

The maximum cap on deduction of interest on housing loan for self-occupied property was increased from Rs 1.5 lakh to Rs 2 lakh. Budget 2016 introduced additional deduction of Rs 50,000 on account of interest on housing loan. This deduction was for taxpayers not having any other residential property and for loans sanctioned during April 2016 to March 2017.

Budget 2015 granted additional deduction of Rs 50,000 for investment in the National Pension Scheme (NPS). Further, Budget 2016 introduced an exemption of up to 40% of total amount payable at the time of closure of NPS.

### **Relief to small taxpayers**

Exemption on account of transport allowance granted to employees for commuting from residence to place of duty has been increased to Rs 1,600 from Rs 800.

Taxpayers who do not claim house rent allowance exemption, claimed deduction of Rs 2,000 per month on account of rent payment. This was increased to Rs 5,000 per month by Budget 2016.

Tax rebate of Rs 2,000 was introduced in Budget 2013 for small taxpayers with total income below Rs 5 lakh. This rebate was increased by Budget 2016 to Rs 5,000.

### **Sukanya Samriddhi Account**

Budget 2015 introduced Sukanya Samriddhi Yojna where investment is eligible for deduction under Section 80C.

*(Financial Express)*