

TDS Changes Budget 2016-17

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TDS slab rate [soccer stars hack](#) for financial year 2016-17 remains unchanged in the current union budget that was announced on Feb 29, 2016. However, with reference to financial year 2015-16, some key changes have been made in tds in union budget 2016-17 that the government claim to be benefiting for tax payers. The major tds changes budget 2016-17 that directly affect the income tax calculation are listed below.

1). Section 80GG - Deduction of House Rent Paid

Deduction amount under 80GG increased from Rs 24,000 per annum to Rs 60,000 per annum. The Section 80GG of the Income Tax is only applicable for individuals who do not avail HRA. It also holds true for people who do not claim a tds deduction for their rent in any other sections of the Income Tax.

The Amendment Clause in Union Budget 2016:

Amendment of section 80GG.

In section 80GG of the Income-tax Act, for the words “two thousand rupees”, the words “five thousand rupees” shall be substituted with effect from the 1st day of April, 2017.

2). Section 87A - Income Tax Rebate

Section 87A states that an assessee, being an individual resident in India, whose total income does not exceed five hundred thousand rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under Chapter VIII of the Income-tax Act) on his total income [soccer stars hack](#) with which he is chargeable for any assessment year, of an amount equal to hundred per cent of such income-tax or an amount of two thousand rupees, whichever is less. In recent budget of 2016 the rebate amount has been raised from Rs. 2000 to Rs. 5000.

The Amendment Clause in Union Budget 2016:

In section 87A of the Income-tax Act, for the words “two thousand rupees”, the words “five thousand rupees” shall be substituted with effect from the 1st day of April, 2017.

3). Surcharge on Income above One Crore Rupees

The TDS surcharge rate on income tax payers with income above one crore has been raised to 15% from 12 percentage that was earlier.

The Amendment Clause in Union Budget 2016:

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every

individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated [case clicker cheats](#) at the rate of fifteen per cent. of such income-tax:

Provided that in the case of persons mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

4). National Pension System withdrawal made tax free

National Pension System : 40% of corpus withdrawal at the time of retirement will be tax exempted. You can withdraw upto 60% of the corpus and out of this as per the new proposal 40% will be tax-free. At present, NPS withdrawal amount was fully taxable. This will be a relief for NPS investors.

The Amendment Clause in Union Budget 2016:

...any payment from the National Pension System Trust to an employee on closure of his account or on his opting out of the pension scheme referred to in section 80CCD, to the extent it does not exceed forty per cent. of the total amount payable to him at the time of such closure or his opting out of the scheme;”;

...any payment in lieu of or in commutation of an annuity purchased out of contributions made on or after the 1st day of April, 2016, where it exceeds forty per cent. of the annuity, shall be taken into account in computing the total income;

5). Taxing of EPF

In the first version of Budget 2016-17 on Feb 29, 2016, the government had proposed that at the time of retirement, 40% of the EPF (Employees Provident Fund) lump sum withdrawal is tax-exempted, 60% of the corpus is taxable as per the applicable TDS Rate Slab. The toll on TDS can be evaded by way of transfer to the account of the employee under a pension scheme referred to in section 80-CCD and notified by the Central Government; the Annuity income will be Tax-free. This amendment was withdrawn later by the Finance Minister stating it would need more comprehensive research before implementation, following a huge uproar against the amendment from the employee sector and working class unions.

The existing changes related to EPF in budget 2016-17 are:

The Employee Provident Fund investors cannot withdraw full PF amount before attaining the age of retirement. The maximum withdrawal on cessation of employment before reaching the age of retirement cannot exceed an amount aggregating employee's own contribution and interest accrued thereon. i.e, A person (Separated employee) can withdraw [case clicker hack](#) their contributions plus interest portion only. The employer's portion will remain in PF account and can be withdrawn only after the retirement age (58 years). In short, the provident fund account of an employee can now be fully closed only at the time of retirement. However, employee could still opt for partial withdrawal if amount is needed for any other personal purposes or at the time of leaving one organization, all this before attaining the age of retirement(58 years). Employee could now withdraw his contribution and interest accrued on that only. The [pou cheats](#) employer contribution will stay in the account which will be followed up if he is

beginning a new account in another company or if he stays unemployed thereafter then it can be withdrawn as the employee reaches 58 years of age.

The age of retirement has now been increased to 58 years, by 3 years from 55, as it was before.

If an employee has not completed five years of continuous employment and if the PF amount that the employee is withdrawing is greater than 50000 then only it will attract tax, raised from thirty thousand rupees to fifty thousand rupees in the current budget 2016-17. On cessation of employment, if the employee is withdrawing PF, in which case if an employee has rendered continuous service to the employer for years not less than 5, then the pf amount withdrawn will attract income tax. In such a case, payment received by the individual in respect of the employer's contribution along with the interest accrual thereon is taxed as 'Salary'. Interest on the employee's contribution is taxable as 'Other Income'. Payment received in respect of the employee's own contribution is exempt from tax (to the extent not claimed as a deduction earlier). The threshold amount of PF withdrawal that would attract tax was thirty thousand rupees. It has now been increased in the budget 2016-17 to fifty thousand rupees.

6). Section 80EE - First time Home Buyers deduction limit increased

First time home buyers can claim an additional Tax deduction of up to Rs 50,000 on home loan interest payments u/s 80EE. The home loan should have been sanctioned in FY 2016-17. The loan amount should be less than Rs 35 lakh and The value of house should not be more than Rs 50 Lakh

The Amendment Clause in Union Budget 2016:

For section 80EE of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2017, namely:—

'80EE. (1) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential property.

(2) The deduction under sub-section (1) shall not exceed fifty thousand rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2017 and subsequent assessment years.

The deduction under sub-section (1) shall be subject to the following conditions, namely:—

(i) the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2016 and ending on the 31st day of March, 2017;

(ii) the amount of loan sanctioned for acquisition of the residential house property does not exceed thirty-five lakh rupees;

(iii) the value of residential house property does not exceed fifty lakh rupees;

(iv) the assessee does not own any residential house property on the date of sanction of loan.

Where a deduction under this section is allowed for any interest referred to in sub-section (1), deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year.

7). Budget 2016 proposes to levy 10% Dividend Distribution Tax (DDT) in the hands of the investor who receives dividend of Rs 10 Lakh or more in a financial year.

Cash purchases of goods & services which are worth more than Rs 2 Lakh & purchases of car worth more than Rs 10 Lakh will be subject to TCS (Tax collection at Source). Tax at source of 1% on purchase of luxury cars would be levied.

8). Budget 2016 has proposed to provide a limited period 'Tax Compliance Window' for domestic taxpayers.

This will be created between 1 June to 30th September to declare undisclosed income or income. To clear up their past tax transgressions, the taxpayers will have to pay tax at 30%, and surcharge at 7.5% and penalty at 7.5%. So, the total applicable tax would be at 45% of the undisclosed income. They will have to pay up the taxes within two months of declaration.

9). Levy of Infrastructure Cess on purchase of SUVs & Diesel cars.

10). Krishi Kalyan cess at 0.5% on all taxable services effective from 1st June, 2016.

The Amendment Clause in Union Budget 2016:

This Chapter shall come into force on the 1st day of June, 2016.

There shall be levied and collected in accordance with the provisions of this Chapter, a cess to be called the Krishi Kalyan Cess, as service tax on all or any of the taxable services at the rate of 0.5 per cent. on the value of such services for the purposes of financing and promoting initiatives to improve agriculture or for any other purpose relating thereto.

11). Income tax [hungry shark world hack](#) department will expand e-sahyog project to assist small taxpayers.

IF you have further questions about TDS changes in budget 2016-17, please feel free to post your questions.

Tags:

Fonte: IFE Campinas. Disponível em: <http://ife.org.br/tds-changes-budget-2016-17/>