

10 income tax changes that will come in to effect from April 1

Revisions to tax rebate rates, saving schemes and more.

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The Lok Sabha on Wednesday passed the Finance Bill, ratifying the tax proposals announced by Finance Minister [Arun Jaitley](#) in his budget speech. This was a day after Jaitley inserted 40 amendments in the last-minute before voting in the lower house of the Parliament. The bill makes Aadhaar cards mandatory for the filing of income tax returns. “We are moving towards a time when there will be no shadow economy but some are still seeing virtues of cash transactions,” the finance minister said in the Lok Sabha, adding that no arbitrary power would be given to the Tax Department and that there were no plans to tax farmers’ income. “Tax buoyancy has improved in the last two years,” Jaitley added.

Here are the 10 changes to the income tax structure that would come into effect from April 1:

1. Tax rates have been reduced from 10 per cent to 5 per cent for incomes that fall in the Rs 2.5 lakh and Rs 5 lakh bracket, resulting in tax saving of up to Rs 12,500 per year and Rs 14,806 for people with income above Rs 1 crore.
2. Now, for those with a taxable income of Rs 3.5 lakh will have to pay Rs 2,575 as tax as opposed to the earlier amount of Rs 5,150. This is because tax rebate was revised from Rs 5,000 to Rs 2,500 per year.

<http://indianexpress.com/article/what-is/income-tax-return-form-filing-rebated-slab-finance-bill-4586290/>

3. For those in the income bracket of Rs 50 lakh to Rs 1 crore, a surcharge of 10 per cent of the tax levied will be charged. For those with income above Rs 1 crore, the surcharge rate is unchanged at 15 per cent.

	RS 5 LAKH		RS 10 LAKH		RS 25 LAKH		RS 60 LAKH		RS 1 CRORE	
	Pre Budget	Post Budget								
Net Taxable Income	500,000	500,000	1,000,000	1,000,000	2,500,000	2,500,000	6,000,000	6,000,000	10,000,000	10,000,000
Tax on above Income	25,000	12,500	125,000	112,500	575,000	562,500	1,625,000	1,612,500	2,825,000	2,825,000
Rebate u/s 87A upto Rs. 2500/-	5,000									
Add: Surcharge @10%/ 15%								161,250	423,750	
Add: Education Cess	400	250	2,500	2,250	11,500	11,250	32,500	35,475	64,975	
Secondary & Higher Education Cess	200	125	1,250	1,125	5,750	5,625	16,250	17,738	32,488	
Total Tax Payable	20,600	12,875	128,750	115,875	592,250	579,375	1,673,750	1,826,963	3,346,213	3,346,213

Source: Asset Managers Financial Advisors

4. The period for holding immovable property to be considered “long term” has been reduced from three years to two years. Immovable property held for two years and above will be taxed at a rate of 20 per cent and will be eligible for various exemptions on reinvestment.

5. The base year used to adjust prices for inflation has been moved from April 1, 1981 to April 1, 2001, which will result in lower profits on sale. Long term capital gains tax will result in a lower payout owing to beneficial amendments.

6. Further, tax exemption will be available on reinvestment of capital gains in notified redeemable bonds, in addition to investment in NHAI and REC bonds.

7. A single page tax return form will be introduced for those with income of up to Rs 5 lakh, not including business income, and those filing income tax returns for the first time under this category will generally not be subjected to scrutiny.

8. The penalty for filing tax returns for the year 2017-18 is Rs 5000 if filed before December 31, 2018 and Rs 10,000 if filed later. For those with income of up to Rs 5 lakh, the penalty fee is to be restricted to Rs 1,000.

9. Deduction for first-time investors in listed equity shares or listed units of equity oriented fund under the [Rajiv Gandhi](#) Equity Savings Scheme stands withdrawn from the financial year 2017-18. If a tax payer has already claimed deduction under this scheme before April 1, 2017, then he/she can avail a deduction for the next two years.

10. The time period for the revision of tax return has been reduced from two years to one year, from the end of the relevant financial year, or before the completion of assessment, whichever is earlier.