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# **INDIAN BUDGET 2015 HIGHLIGHTS**

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Insights into how Budget 2015 will impact taxpayers and the  
Latest Income Tax Slab Rates for Financial Year 2015-16.

By

**Mytaxcafe.com**

## HIGHLIGHTS OF BUDGET 2015

### Income Tax

1. No changes in income tax slab rates. Income tax rates continue to be the same as prevalent in Financial Year 2014-15
2. Super Rich are to be taxed more by increasing surcharge from 10% to 12% for those earning more than Rs. 1 Crore
3. The exemption of Transport Allowance Limit has been increased from Rs. 800 per Month to Rs. 1600 per Month.
4. The limit of deduction u/s 80D has been increased from Rs. 15,000 to Rs. 25,000 on health insurance premium (in case of senior citizen from Rs. 20,000 to Rs. 30,000). Section 80D benefits will also be available for medical expenses incurred on Very Senior Citizen (above 85 year of age ) subject to certain conditions.
5. The limit of deduction u/s 80CCD for contribution to National Pension Scheme (NPS) has been increased from Rs. 1 lakh to Rs. 1.50 lakh. Additional deduction is allowed upto Rs. 50,000 over and above the limit of Rs. 1.50 lakh in respect of contributions made to NPS.
6. Investment in Sukanya Samriddhi Scheme will be eligible for deduction u/s 80C and any payment from the scheme shall not be liable to tax.
7. The limit u/s 80DDB has been increased from Rs. 60000 to Rs. 80000, if the expenses are incurred on Very Senior Citizen on specified diseases
8. The Limit u/s 80DD has been increased to Rs. 75000 in case of disability and Rs. 125000 in case of severe disability
9. The tax benefits u/s 80U has been increased from Rs. 50000 to Rs. 75000 in case of disability and from Rs. 1 lakh to Rs. 125000 in case of severe disability
10. The limit of Deduction U/s 80CCC has been increased from Rs. 1 lakhs to Rs. 1.5 Lakhs

11. Form 15G / Form 15H is to be submitted in order to avoid TDS on Taxable maturity proceeds of LIC
12. Donations to following are eligible for 100% deduction u/s 80G
  - a. Swachch Bharat Kosh
  - b. Clean Ganga Fund
  - c. National Fund for Control of Drug Abuse (NFCDA)
13. It will be mandatory to Quote PAN for all Transactions above Rs. 1 Lakh
14. Corporate Tax Rate has been reduced from 30% to 25% over next 4 years
15. The Wealth Tax Act has been abolished
16. Tax Free Infra Bonds to be issued for road, rail and irrigation projects.
17. In order to avoid concealment of Income there will be 300% penalty and 10 yrs rigorous imprisonment.

**Service Tax:**

1. Service-tax has been increased from 12.36% to 14% to facilitate transition to GST.
2. Planning to introduce Goods & Services tax by April 2016.
3. Will introduce Swachch Bharat Cess on all or any of the taxable services at a rate of 2%
4. The Time limit for availing CENVAT Credit on inputs and input services is being increased from six months to one year.
5. Rationalisation of Penalty provisions in Service Tax for timely compliance and early dispute resolution.
6. Permission to issue digitally signed invoices and maintain other records electronically
7. To provide Online Service Tax Registration within two working days.

### **Excise and Customs:**

1. Basic Excise duty rate has been increased from 12% to 12.50 %.
2. There will be no levy of CVD on imported goods as Education Cess and Secondary & Higher Education Cess leviable on excisable goods are now being exempted.
3. The standard ad valorem rate of duty of excise (i.e. CENVAT) is being increased from 12% to 12.5%
4. Reduced Custom Duty on 22 Items.
5. Customs Education Cess will continue to be levied on imported goods.
6. Penalty provisions in Customs are being rationalized to encourage compliance and early dispute resolution.

### **Agriculture**

1. Allocated Rs. 25000 Crores for Rural Infrastructure Development Fund
2. Allocated Rs. 5300 Crores to support Micro Irrigation project
3. Issuance of Tax Free Bonds for Rail Road and Irrigation
4. Aims to give credits to the Farmers to tune of INR 8,50, 000 Crores

### **Infrastructure**

1. Rs. 70000 crore has been allocated for Infrastructure Sector
2. Tax Free Bonds to be issued for Rail Road
3. PPP model for Infrastructure development to be revitalized
4. Rs. 150 Crore allocated to Atal Innovation Mission to draw on expertise of entrepreneurs and researcher to foster Scientific Innovation

## **Education**

1. Plans to open AIIMS in Jammu and Kashmir, Punjab, Tamil Nadu, Himachal Pradesh, Bihar and Assam.
2. IIT to be opened in Karnataka;
3. Indian School of Mines in Dhanbad to be upgraded to IIT.
4. IIM's will be opened in Jammu and Kashmir and Andhra Pradesh.
5. PG institute of Horticulture in Amritsar.
6. University of Disability Studies will be established in Kerala
7. Centre of film production, animation and gaming to be established in Arunachal Pradesh.

## **Public Welfare**

1. Through Jan Dhan Yojana, Aadhaar and Mobile, the government plans to improve quality of life and to pass benefits to common man.
2. Under the Swachh Bharat Abhiyan, Six crore toilets will be constructed across the country
3. DBT will be further be expanded from 1 crore to 10.3 crore.
4. Aims to provide Housing for all by 2020.
5. will Upgrade 80,000 secondary schools.
6. For the Atal Pension Yojana, govt. will contribute 50% of the premium limited to Rs. 1,000 a year.
7. Govt. to use Rs. 9,000 crore unclaimed funds in PPF/EPF for Senior Citizens Fund
8. MUDRA bank will refinance micro finance orgs. to encourage first generation SC/ST entrepreneurs.

## **TOURISM**

1. Plans to Develop Cultural World Heritage Sites by landscape restoration; signage and interpretation centers; parking; access for the differently-abled; visitors' amenities, including securities and toilets; illumination and plans for benefiting communities around the. In the First phase the Development schemes will be for
  - churches and convents in old Goa;
  - Hampi,
  - Elephanta caves,
  - Forests of Rajasthan,
  - Leh palace,
  - Varanasi ,
  - Jallianwala Bagh,
  - Outb Shahi tombs at Hyderabad
2. Will increase Visa on Arrival for 150 countries in stages

## **GOLD**

1. Sovereign Gold Bond will be issued as an alternative to purchasing metal gold. It will carry a fixed rate of interest and is redeemable in cash.
2. Will Introduce a Gold Monetisation Scheme for depositors of gold to earn interest and jewellers to obtain loans on their metal accounts.
3. Will develop an Indian gold Coin, with Ashok Chakra on its face in order to reduce the demand for foreign coins.

## New Income Tax Slab Rates as per Budget 2015

(Applicable For Financial Year 2015-16)

### Income Tax Slab rates for Individual

Male or Female (below the age of 60 Years)

Income tax Slabs	Income Tax Rate
1. Where the total income is less than or equal to Rs. 2, 50,000/-.	NIL
2. Where the total income exceeds Rs. 2, 50,000/- but it is less than or equal to Rs. 5, 00,000/-.	10% of amount by which the total income is more than Rs. 2,50,000/-
3. Where the total income exceeds Rs. 5, 00,000/- but it is less than or equal to Rs. 10, 00,000/-.	Rs. 25,000/- + 20% of the amount by which the total income more than Rs. 5, 00,000/-.
4. Where the total income is more than Rs. 10, 00,000/-.	Rs. 1, 25,000/- + 30% of the amount by which the total income is more than Rs. 10, 00,000/-.

**Surcharge @ 12% will be payable only if taxable income is above Rs. 1 crore.**

**Education Cess @ 3% will be calculated on the Income-tax calculated here in above after deducting tax rebate of Rs. 2000 .**

**Note: There is a tax rebate of Rs. 2000 U/s 87A for individuals whose total income is Rs 5,00,000/- or less. The tax rebate will be equal to the tax payable or Rs. 2,000/- whichever is lower.**

For E.g. If the total income of an individual of age 53 years is Rs. 2,80,000/- then the total income tax on this Rs.2,80,000/- as per the income tax slab given above is Rs 3,000/- (30,000\*10%).

As his total income is less than Rs. 5 Lacs and therefore he will get a rebate of Rs. 2,000/- and therefore total tax payable will be Rs. 1,000/- (3,000-2,000).

## Income Tax Slab rates for Senior Citizen

Male or Female resident who is of the age of 60 years or more but below the age of 80 years at any time during the financial year 2015-2016

Income Slabs	Income Tax Rate
1. Where the total income is less than or equal to Rs. 3,00,000/-.	NIL
2. Where the total income exceeds Rs. 3,00,000/- but it is less than or equal to Rs. 5,00,000/-.	10% of the amount by which the total income is more than Rs. 3,00,000/-.
3. Where the total income exceeds Rs. 5,00,000/- but it is less than or equal to Rs. 10,00,000/-.	Rs. 20,000/- + 20% of the amount by which the total income is more than Rs. 5,00,000/-.
4. Where the total income is more than Rs. 10,00,000/-.	Rs. 1,20,000/- + 30% of the amount by which the total income is more than Rs. 10,00,000/-.

**Surcharge @ 12% will be payable only if taxable income is above Rs. 1 crore.**

**Education Cess @ 3% will be calculated on the Income-tax calculated herein above after deducting tax rebate of Rs. 2000**

***Note: There is a tax rebate of Rs. 2000 U/s 87A to individuals whose total income is Rs 5,00,000/- or less. The tax rebate will be equal to the tax payable or Rs. 2,000/- whichever is lower.***

For E.g. If the total income of an individual of age 61 years is Rs. 3,50,000/- then the total income tax on this Rs. 3,50,000/- as per the income tax slab given above is Rs 5,000/- (50,000\*10%).

As his total income is less than Rs. 5 Lacs and therefore he will get a rebate of Rs. 2,000/- and therefore total tax payable will be Rs. 3,000/- (5,000-2,000).



## Income Tax Slab rates for Super Senior Citizen

-Male or Female resident who is of the age of 80 years or more at any time during the financial year 2015-2016

Income tax Slabs	Income Tax Rate
1. Where the total income is less than or equal to Rs. 5, 00,000/-.	NIL
2. Where the total income exceeds Rs. 5, 00,000/- but it is less than or equal to Rs. 10, 00,000/-.	20% of the amount by which the total income is more than Rs. 5, 00,000/-.
3. Where the total income is more than Rs. 10, 00,000/-.	Rs. 100,000/- + 30% of the amount by which the total income is more than Rs. 10, 00,000/-.

**Add: Education Cess @ 3% on the Income-tax calculated herein above.**

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