

sga

Experience Excellence

Budget

2018

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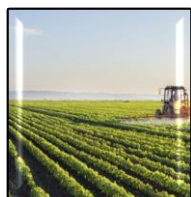
THE GOVERNMENT FISCAL PRIORITIES

DIRECT TAX PROPOSAL

INDIRECT TAX PROPOSAL

THE GOVERNMENT FISCAL PRIORITIES

Agriculture Sector



Agriculture Sector

- Doubling farmers' income by 2022
- MSP for all unannounced kharif crops will be one and half times of their production cost
- Institutional credit for agriculture sector increased to Rs 11 Lakh crore for 2018-19 from Rs 10 Lakh crore in 2017-18
- Agriculture target Proposed to increased to 11 Lakh crore
- Setting up a Fisheries and Aqua culture Infrastructure Development Fund (FAIDF) for fisheries sector and an Animal Husbandry Infrastructure Development Fund (AHIDF) with a total corpus of Rs.10,000 crore



Agriculture Sector

- Operation Greens: Rs 500 Crore 'operation greens' announced to address price volatility of perishable commodities like potato, tomato and onion and benefit both producers and consumers
- Rs.200 Crore for organized cultivation of highly specialized medicinal and aromatic plants and associated industry
- 22,000 rural Haats to be developed and upgraded into Gramin agricultural markets (grams) for farmers to directly sell to consumers and bulk purchasers
- Doubling allocation for food processing sector to Rs.1400 Crore, government to promote establishment of specialized agro-processing financial institutions



Agriculture Sector

- Rs.1290 Crore re-structured national bamboo mission announced to promote bamboo sector in a holistic manner
- Special scheme to be implemented to support Haryana, Punjab, Uttar Pradesh and Delhi to address air pollution and to subsidize machinery required for in-situ management of crop residue
- Prime Minister **Krishi Sinchai Yojna-Har Khet ko Pani, 96** deprived irrigation districts will be taken up.
- Finance Minister has proposed 100% Tax Deduction to Farmer Production Co. & also encourage "Operation Greens" announced earlier and would give a boost to the Sampada Yojana.

RURAL INDIA



8 crore poor women will get new LPG connections.



PM Saubhagya Yojana: 4 crore poor people will get power connection with an outlay of Rs.16,000 crore



Govt plans to construct 2 crore toilets in next fiscal year under Swachh Bharat Mission



Government target house for all by 2022.



1 cr houses to be built under Pradhan Mantri Awas Yojana in rural areas



National livelihood scheme gets Rs 5,750 crore



In 2018-19, ministries will be able to spend Rs 14.34 lakh crores for creation of livelihood in rural areas.



Govt gives Rs 9,975 crore for social security schemes for the next fiscal year

EDUCATION SECTOR



Revitalising Infrastructure and Systems in Education (RISE) by 2022, with a total investment of Rs 1,00,000 crore in next four years



By 2022, every block with more than 50% ST population and at least 20,000 tribal persons, will have an Ekalavya Model Residential School



Integrated B.Ed. programme for teachers



Right to Education Act to enable more than 13 lakh untrained teachers to get trained



Aims to move from black board to digital board schools by 2022



1,000 best B.Tech students will be identified from premier institutions each year and facilities will be provided to them to undertake Ph.D in IITs and IISc with an attractive fellowship



Technology will also be used to upgrade the skills of teachers through the recently launched digital portal "DIKSHA"

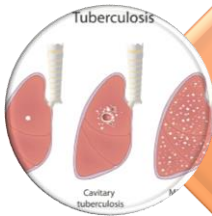
HEALTH SECTOR



Rs 1200 crore for the National Health Policy, 2017



National Health Protection Scheme to cover over 10 crore poor and vulnerable families



Additional Rs.600 crore to provide nutritional support to all TB patients at the rate of Rs.500 per month for the duration of their treatment



government will be setting up 24 new Government Medical Colleges and Hospitals by upgrading existing district hospitals in the country



Universal health coverage will be expanded after seeing the performance of the scheme

INFRASTRUCTURE



- ✚ Construction of new tunnel in Sera Pass to promote tourism
- ✚ Out of 100 smart cities 99 cities have been selected, with an outlay of Rs 2.04 lakh crore
- ✚ Bharatmala project: To develop 35,000 KM under phase 1 with an outlay of Rs 5.35 lakh crore
- ✚ Govt to introduce pay-as-you-use system for toll payments
- ✚ The government proposed to increase the standards to accommodate 1 billion flights a year
- ✚ 56 unserved airports and 31 unserved helipads will be covered for usage by civilians soon
- ✚ allocation of Rs 1,014.09 crore for revival of 50 airports and viability gap funding for improving aviation infrastructure in the north-east states under the flagship regional connectivity scheme
- ✚ All stations with footfall of greater than 25,000 will have escalators
- ✚ to eliminate 4267 unmanned rail crossing in broad gauge in 2 years
- ✚ 150 km of additional suburban railway networks to be set up in Bengaluru at the cost of Rs 17,000 Crore.
- ✚ Capital expenditure allocation of Rs 1.48 crore for the railways. This includes redevelopment of 600 major railway stations and setting up of escalators and CCTVs and Wi-Fi facilities
- ✚ The government proposed to set up 5 lakh WiFi hotspots and also allocated Rs 10,000 crore for this under telecom infrastructure.

OTHER

- Government will take measures to stop crypto currency circulation, as it is not considered legal tender.
- National Insurance Co, Oriental Insurance Co and United Assurance Co to be merged into one entity and subsequently listed.
- Govt revises divestment target for the current fiscal to Rs 80,000 crore for FY 18.
- Rs 7,148 Crore allocated for textile sector.
- Bank recapitalization program has been launched with bonds of Rs 80,000 crore. The same will pave the way for public banks to lend an additional Rs 5 lakh crore.
- Govt will contribute 12% of the wages of new employees in EPF in all sectors for next 3 years.
- Women contribution to EPF reduced to 8% for first 3 years.
- Excise on unbranded diesel cut by 2 rupees to 6.33 rupee/ltr.
- Excise on unbranded petrol cut by 2 rupees to 4.48 rupee/ltr.
- Food subsidy to rise to Rs 1.69 lakh crore in 2018-19 from Rs 1.4 lakh crore in current year.
- Emoluments for President set at Rs 5 lakh, Rs 4 lakh for Vice President, Rs 3.5 lakh for governors.
- Emoluments for Parliamentarians: Law for increase in pay based on index to inflation.
- Govt earmarks Rs 150 Crore to commemorate 150 years of birth of Mahatma Gandhi.
- Regulator to move from 'AA' to 'A' rating for the investing eligibility.
- Govt. will establish a unified authority for all financial service in International Finance Service Centre (IFSCs) in India.

- Finance Minister proposed development of 2 defence industrial production corridors.
- Gold Policy will be formulated to develop gold as an asset class. Gold Monetization Scheme will be revamped to enable people to open a hassle-free Gold Deposit Account.

DIRECT TAX PROPOSAL

PERSONAL INCOME TAX

- No Change in the Personal Income Tax slab and rate.
- Enhanced Exemption of Rs. 50,000 for Senior Citizens on Interest from Bank, Post office deposit etc.
- Senior citizens to get Rs 50,000 per annum exemption for medical insurance under Sec 80D
- For certain Illness, Medical deduction raised to Rs. 1,00,000 in case of both senior and super senior citizen.
- Standard deduction of Rs 40,000 for salaried employees.
- Transport allowance and Medical Reimbursement under Section 17(2) are being withdrawn.
- Benefit of NPS extended to Non- Employee as well.
- Long term capital gains on Equity Shares exceeding Rs. 1 lakh will be taxed at 10% without indexing effective from 01st February 2018.
- Tax on Distributed Income at 10% from equity oriented mutual Fund.
- Education cess increased from 3% to 4% to be known as Education and Health cess.
- 54EC benefit restricted to Capital gain on land or building or both only. Further period of holding being increased from 3 years to 5 years.



CORPORATE TAX

- For Domestic Companies having total turnover or gross receipts not exceeding Rs 250 crores in Financial year 2016-17, shall be liable to pay tax at 25% as against present ceiling of Rs 50 crore in Financial year 2015-16.
- All companies irrespective of income to file return and in case it is not filed, such companies will be liable for prosecution irrespective of the fact whether it has tax liability of Rs 3,000 or not.
- Deemed dividend falling u/s 2(22)(e) to be taxed in the hands of the company itself as Dividend Distribution of tax @ 30 %.
- Relaxation from complying the condition of 51% shareholding under section 79 (Carry forward of and set off losses) to companies seeking insolvency resolution under insolvency



act.

- New section 43CB introduced for Income derived from Construction and service contracts. This section deemed to have been inserted with effect from 01st April 2017.
- Income from transport services on the basis of weight of the vehicle under Section 44AE.
- Section 115JC: MAT of 18.5% has been reduced to 9%.

OTHER

- ❶ Agriculture Commodity Derivative income /loss also not to be considered as speculative under section 43(5).
- ❶ Income Computation and Disclosure Standards (ICDS) being given statutory backing.
- ❶ Assessments to be E assessment under amended section 143(3A).
- ❶ Penalty for non-filing financial return as required under section 285BA being increased to Rs 500 per day.
- ❶ For encouraging employment the deduction of 30 % under Section 80-JJAA with a further relaxation to 150 days in the case of the apparel industry, has been proposed to be extended to the footwear and leather industry.
- ❶ It is provided that certain deduction under head C of Chapter VIA is not allowed unless return is filed by the assessee within due date.
- ❶ No adjustment to be made in case circle rate does not exceed 5 % of sale consideration.
- ❶ Rationalising Provision of Section 286(Relating to Country by Country Reporting).

MEASURE TO PREVENT TAX EVASION

- PAN mandatory for any entity entering into a financial transaction of Rs 2.5 lakh or more.
- Provision of section 40(IA) and 40A (3) and 40A (3A) are being made applicable to Charitable Trust. Hence expenditure incurred without deduction of tax and cash payment exceeding Rs. 10,000 will not be eligible as application of income under section 10(23C) and section 11(1) (a).

INDIRECT TAX PROPOSAL

- Finance Minister proposed to increase Custom Duty on Mobile Phones to 20%, Parts of mobile phones & TV to 15%.
- Ministry proposed to reduce Custom Duty on Raw Cashew from 5% to 2.5%.
- Abolishment of Education Cess and Secondary and Higher Education Cess on Imported goods & proposed to impose a Social Welfare Surcharge @ 10% of the Aggregate Duties of Customs, on Imported goods, to provide for Social Welfare Schemes of the government.
- Levy of The Road and Infrastructure Cess on certain Items.

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