

**Highlights of Amendments In Income Tax Act Finance (No. 2) Bill 2014
(As Applicable for Assessment Year 2015-16)**

INCOME TAX

Tax Rates

The Income Tax Rates for the Assessment Year 2015-16 (Previous Year 1 April 2014 - 31 March 15) are as follows:

For a resident senior citizen (who is 60 years or more but less than 80 years):

Income Tax Rates

Net income range	Income-tax rates	Surcharge	Education cess	Secondary and higher education cess
Up to ₹ 3,00,000	Nil	Nil	Nil	Nil
₹3,00,000 - ₹5,00,000	10% of total income over and above ₹ 3,00,000. Subject to Note 1.	Nil	2% of income-tax	1% of income-tax
₹ 5,00,000 - ₹10,00,000	₹ 20,000 + 20% of (total income minus ₹5,00,000)	Nil	2% of income-tax	1% of income-tax
₹ 10,00,000 - ₹1,00,00,000	₹ 1,20,000 + 30% of (total income minus ₹10,00,000)	Nil	2% of income-tax	1% of income-tax
Above ₹1,00,00,000	₹ 28,20,000 + 30% of (total income minus ₹1,00,00,000)	10% income-tax subject to marginal relief	2% of income-tax	1% of income-tax

For resident super senior Citizens (who are 80 years or more):

Income Tax Rates

Net income range	Income-tax rates	Surcharge	Education cess	Secondary and higher education cess
Up to ₹ 5,00,000	Nil	Nil	Nil	Nil
₹ 5,00,000 - ₹10,00,000	20% of (total income minus ₹ 5,00,000)	Nil	2% of income-tax	1% of income-tax
₹ 10,00,000 - ₹1,00,00,000	₹ 1,00,000 + 30% of (total income minus ₹10,00,000)	Nil	2% of income-tax	1% of income-tax
Above ₹1,00,00,000	₹ 28,00,000 + 30% of (total income minus ₹1,00,00,000)	10% income-tax subject to marginal relief	2% of income-tax	1% of income-tax

For any other resident individual below 60 years, any non-resident individual, every HUF/AOP/BOI/artificial juridical person:

Income Tax Rates

Net income range	Income-tax rates	Surcharge	Education cess	Secondary and higher education cess
Up to ₹ 2,50,000	Nil	Nil	Nil	Nil
₹ 2,50,000 - ₹5,00,000	10% of total income over and above ₹ 2,50,000. Subject to Note 1.	Nil	2% of income-tax	1% of income-tax
₹ 5,00,000 - ₹10,00,000	₹ 25,000 + 20% of (total income minus ₹5,00,000)	Nil	2% of income-tax	1% of income-tax
₹ 10,00,000 - ₹1,00,00,000	₹ 1,25,000 + 30% of (total income minus ₹10,00,000)	Nil	2% of income-tax	1% of income-tax
Above ₹1,00,00,000	₹ 28,25,000 + 30% of (total income minus ₹1,00,00,000)	10% income-tax subject to marginal relief	2% of income-tax	1% of income-tax

Note 1: A resident individual whose net income does not exceed ₹ 5,00,000 can avail rebate under Section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income tax or ₹ 2,000, whichever is lower.

SOME OF THE OTHER AMENDMENTS

INCOME TAX

- U/S 2(42A): Period of holding in respect of unlisted shares and units of other than equity oriented mutual funds purchased after 10-7-2014 has been raised to 36 months for treating as long-term capital asset. Under Section 112 Long-term capital gains on units of other than equity-oriented mutual fund transferred after 10-7-2014 to be taxed @ 20%.
- Sec. 10(23C): A trust/institution/educational institution/medical institution approved u/s 10(23C)(iv)/(v)/(vi) and (via) shall not be eligible for any exemption u/s 10 except section 10(1) (i.e. for agricultural income) as per Eighteenth Proviso. No depreciation shall be allowed in respect of a capital asset, acquisition of which is deemed as application of income.
- Sec. 10AA: A SEZ unit claiming deduction u/s 10AA not to be allowed deduction u/s 35D in respect of the same business for any assessment year.
- Sec. 24: Interest on loan borrowed after 1-4-1999 for self occupied house property is deductible up to Rs. 2,00,000.

- Sec.32AC: 15% investment allowance for manufacturing companies on installation of new plant and machinery of value exceeding Rs. 25 crores, for assessment years 2015-16 to assessment years 2017-18 is allowed.
- Sec. 35AD: Deduction is allowed in respect of any capital expenditure incurred on or after 1-4-2014 for the business of laying and operating a slurry pipeline for the transportation of iron ore or setting up and operating a semi-conductor wafer fabrication manufacturing unit.
- Sec. 37: Expenditure incurred on corporate social responsibility activities is not a deductible expenditure while computing business income.
- Sec. 40(a)(i) and (ia): Deduction for expenditure on which tax is required to be deducted at source, not to be disallowed if TDS deposited before due date for filing of return. If deposited after the due date for filing of return, deduction shall be allowed in the relevant previous year of deposit. Disallowance in respect of any sum payable to a resident on which tax is not deducted at source or TDS is deducted but not deposited before due date of filing of return shall be restricted to 30%.
- Sec. 40AE: In respect of truck owners, income shall be estimated at Rs. 7,500 per month for each goods carriage.
- Sec.45: Any interim compensation awarded by a court shall be taxable in the year of receipt.
- Sec.56 (2)(ix): Advance money forfeited under an infructuous transfer of a capital asset is taxable as income from other sources. When so taxed such amount shall not be deducted from the cost of acquisition of the asset.
- Sec 54 & 54F: Exemption of long-term capital gain in respect of investment by purchase/construction of residential house allowed only in respect of one residential house in India.
- Sec.80C, 80CCD and 80CCE: Maximum deduction in respect of investment in PPF, LIC, NSC, Bank Term deposits, housing loan raised to Rs. 1,50,000. Deduction to contribution to new pension Scheme allowed upto Rs. 1,00,000 and total deduction under sections 80C,80CCC and 80CCD allowed upto Rs. 1,50,000.
- Sec 80IA: Deduction for power undertakings extended upto 31-3-2017.
- Sec. 111A: Short-term capital gains on transfer of units of a business trust are taxable @ 15%.
- Section 194DA: From 1-10-2014 tax to be deducted at source @ 2% on amount payable under a life insurance policy exceeding Rs. 1,00,000 in aggregate during a financial year to a person.
- Sec. 194LBA: Tax to be deducted at source on income distributed by a business trust to its unit holders (u/s 10(23FC)) @ 10% if payee is resident and @ 5% if payee is a non-resident.