

DIRECT TAXES**1) INCOME TAX RATES A.Y. 2018-19****A. Resident Individual/Hindu Undivided Family/AOI/BOI**

TAXABLE INCOME (Rs.)	MALE < 60 YRS.	FEMALE < 60 YRS.	SENIOR CITIZEN > 60 & < 80 YRS.	VERY SR. CITIZEN > 80 YRS.
Upto 2,50,000	Nil	Nil	Nil	Nil
2,50,001 to 3,00,000	5%	5%	Nil	Nil
3,00,001 to 5,00,000	5%	5%	5%	Nil
5,00,001 to 10,00,000	20%	20%	20%	20%
Above Rs. 10,00,000	30%	30%	30%	30%

Primary & Secondary Education Cess: 3% cess on tax in all cases

Rebate: The rebate under Section 87A is proposed to be amended to Rs.2,500/- for individual resident assessee, whose Taxable Income does not exceed Rs. 3,50,000/-. This amendment will take effect from 1 April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent assessment years.

Surcharge: 10% of the Income Tax, where taxable income is more than Rs. 50 lacs and upto Rs. 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of Rs. 50 lacs by more than the amount of increase in taxable income.

15% of the Income Tax, where taxable income is more than Rs. 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of Rs. 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

B. Co-operative Societies

Income Slabs		Tax Rates
i.	Where the taxable income does not exceed Rs. 10,000/-.	10% of the income.
ii.	Where the taxable income exceeds Rs. 10,000/- but does not exceed Rs. 20,000/-.	Rs. 1,000/- + 20% of income in excess of Rs. 10,000/-.
iii.	Where the taxable income exceeds Rs. 20,000/-	Rs. 3,000/- + 30% of the amount by which the taxable income exceeds Rs. 20,000/-.

Surcharge: 12% of the Income Tax, where taxable income is more than Rs. 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of Rs. 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

C. Firms

Income Tax: 30% of taxable income.

Surcharge: 12% of the Income Tax, where taxable income is more than Rs. 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of Rs. 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

D. Companies**Domestic Company - Turnover upto Rs. 50 crores (In AY 2015-16)**

Income Tax: 25% of taxable income.

Surcharge: The amount of income tax as computed in accordance with above rates, and after being reduced by the amount of tax rebate shall be increased by a surcharge

- At the rate of 7% of such income tax, provided that the taxable income exceeds Rs. 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of Rs. 1 crore by more than the amount of increase in taxable income.
- At the rate of 12% of such income tax, provided that the taxable income exceeds Rs. 10 crores. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of Rs. 10 crores by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

Domestic Company - Turnover exceeding Rs. 50 crores

Income Tax: 30% of taxable income.

Surcharge: The amount of income tax as computed in accordance with above rates, and after being reduced by the amount of tax rebate shall be increased by a surcharge

- At the rate of 7% of such income tax, provided that the taxable income exceeds Rs. 1 crore.
- At the rate of 12% of such income tax, provided that the taxable income exceeds Rs. 10 crores.

Education Cess: 3% of the total of Income Tax and Surcharge.

Minimum Alternate Tax (MAT)

The rate of MAT remains to be 18.5% relevant to the assessment year 2018-19. Surcharge as applicable in the case of companies. MAT allowed to be carried forward till 15 years, instead of the earlier 10 years.

2) OTHERS CHANGES

A. Deduction Under Section 80D

Investment limit under section 80D of the Income-tax Act continues at Rs. 25,000 for individual other than senior citizen and Rs. 30,000 for senior citizen.

B. Presumptive Income u/s 44AD

Under scheme of presumptive income for small and medium tax payers whose turnover is upto 2 crores, the present, 8% of their turnover which is counted as presumptive income is reduced to 6% in respect of turnover which is by non-cash means.

Section 44AB of the Income Tax Act makes it obligatory for every person carrying on business to get his accounts of any previous year audited if his total sales, turnover or gross receipts exceed Rs1Cr.

“However, if an eligible person opts for presumptive taxation scheme as per section 44AD(1) of the Act, he shall not be required to get his accounts audited if the total turnover or gross receipts of the relevant previous year does not exceed Rs 2 crore.”

C. Limit to pay cash expenses to be reduced to Rs.10000

In order to disincentivise cash transactions, it is proposed to amend the provision of section 40A of the Act to provide the following:

(i) To reduce the existing threshold of cash payment to a person from twenty thousand rupees to ten thousand rupees in a single day; i.e. any payment in cash above ten thousand rupees to a person in a day, shall not be allowed as deduction in computation of Income from “Profits and gains of business or profession”;

(ii) Deeming a payment as profits and gains of business of profession if the expenditure is incurred in a particular year but the cash payment is made in any subsequent year of a sum exceeding ten thousand rupees to a person in a single day; and

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018- 19 and subsequent years.

D. Reducing the time for filing revised return

It is proposed to amend the provisions of sub-section (5) of section 139 to provide that the time for furnishing of revised return shall be available upto the end of the relevant assessment year or before the completion of assessment, whichever is earlier.

E. Mandatory fee Delay in Filing of Income Tax returns After Due Dates

In case your income exceeds Rs. 5 lacs in a year you will have to pay a fee of Rs. 5000/- if you file your income tax return beyond 31st July but by 31st December of the assessment year.

For filing the return of income beyond 31st December but by 31st March you will have to pay a fee of Rs. 10,000/-

The amount of fee, however, would be restricted to Rs. 1,000/- in case your taxable income did not exceed Rs. 5 lakhs for the year.

This mandatory fee has to be paid as self assessment before filing of the income tax return without having to wait for any communication from the assessing officer.

It may be interesting to note that the fee is not payable in case your income does not exceed the basic exemption limit before giving the effect of deduction and exemption as explained above as your are not all at all required to file the return of income but are allowed to file the same.

F. Widening scope of Income from other sources

It is proposed that **receipt of the sum of money or the property by any person without consideration or for inadequate consideration in excess of Rs. 50,000 shall be chargeable to tax in the hands of the recipient** under the head “Income from other sources”.

G. TCS Deduction – Non Furnishing of PAN

In case of non furnishing of PAN for TCS -

- (i) Higher rate of TCS (twice of the prescribed rates or 5% whichever is more)
- (ii) No Credit of TCS as no certificate will be generated.

H. TDS On Rent Payable By Individuals/HUF

In order to widen the scope of tax deduction at source, new section 194-IB, proposed to be inserted to provide for tax deduction at source @ 5% by an Individuals or a HUF (other than those covered under 44AB), while making payment of rent to a resident of an amount exceeding Rs 50,000 per month or part of month. To reduce compliance burden, the deductor shall not be required to obtain TAN or file any separate TDS return for this purpose