



The Union Budget 2017 - Analysed

Category	Positives from Budget	Negatives from Budget	How to beat the Budget
HNI	<ul style="list-style-type: none"> Under a scheme of presumptive taxation for professionals with receipts of up to Rs 50 lakh per annum, advance tax can be paid in one instalment instead of four. A new ETF with diversified Central Public Sector Enterprise (CPSE) stocks and other government holdings will be launched in 2017-18. Under a scheme of presumptive income for small and medium-sized tax payers, whose turnover is up to Rs 2 crore, 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. It has been proposed that the holding period of property investments be reduced from 3 years currently to 2 years, for calculating long-term capital gains tax. Thus, after two years, property sales will be able to qualify for long-term capital gains and reduce taxes. The proposal to expand the scope of Section 54EC (investments in tax-saving bonds that help reduce long-term capital gains tax liability of up to Rs 50 lakh that arises on transfer of property) to include issuers other than NHA and REC. A reduction in the holding period for computing long-term capital gains from the transfer of immovable property from 3 years to 2 years. Also, the base year for indexation is proposed to be shifted from April 1, 1981, to April 1, 2001, for long term capital assets including immovable property. 	<ul style="list-style-type: none"> A surcharge of 10% of the tax payable on categories of individuals, whose annual taxable income is between Rs 50 lakh and Rs 1 crore. No cash transactions above Rs 3 lakh will be permitted. Restriction of set-off of loss under house property has been limited to Rs 2 lakh, as against the earlier ruling, which allowed home buyers to purchase properties using loans and set off the full interest liability against the lettable value of the property. Proposal to hike the excise duty on cigars, cheroots and cigarillos to 12.5% or Rs 4,006 per thousand, whichever is higher, from 12.5%, or Rs 3,755, earlier. 	<ul style="list-style-type: none"> ETF launch for CPSEs would serve as a long-term investment avenue. The shift in base year for indexation will ease the computation of long-term capital gains.
SME owner	<ul style="list-style-type: none"> Income tax for MSMEs with an annual turnover of up to Rs 50 crore reduced to 25% from 30%. Profit-linked deduction exemption available to start-ups for 3 out of 5 years is changed to 3 out of 7 years. The threshold limit for audit of business entities which opt for presumptive income schemes increased from Rs 1 crore to Rs 2 crore. SMEs with turnover of up to Rs 2 crore currently had 8% of their turnover counted as presumptive tax, which is now reduced to 6% in respect of turnover by non-cash means. The government is encouraging the SIDBI to refinance credit institutions, which provide unsecured loans at reasonable interest rates to borrowers based on their transaction history. To carry forward and set off losses in case of start-ups, the condition of continuous holding of 51% of voting rights has been relaxed, subject to the condition that the holding of the original promoter/promoters continues. Companies can carry forward their Minimum Alternative Tax (MAT) to 15 years from 10 years earlier. The launch of next phase of Skill Strengthening for Industrial Value Enhancement (STRIVE) aims at improving the quality and market relevance of vocational training provided in ITIs and strengthen the apprenticeship programmes through industry-cluster approach. Basic customs duty on LNG reduced from 5% to 2.5%. 	<ul style="list-style-type: none"> Scope of domestic transfer pricing restricted, if one of the entities involved in a related-party transaction enjoys specified profit-linked deduction. No cash transactions above Rs 3 lakh will be permitted. Customs duty on aluminium ore and concentrates raised to 30% from nil currently. 	<ul style="list-style-type: none"> Around 96% of MSMEs have a turnover of up to 50 crore, which will benefit from reduction in taxation, making them more competitive compared with large companies. The government has taken several initiatives to promote entrepreneurs and boost start-ups by giving tax benefits, providing them the ease of business, skills training and several other initiatives. Allocation to the transportation and infrastructure sector as a whole, including rail, road, shipping will help in ease of transportation of goods to the markets.
Young Salaried Professional	<ul style="list-style-type: none"> Existing rate of taxation for individual assesses with income of 2.5-5 lakh reduced to 5% from 10%. Simple one-page form to be filed as income tax return for the category of individuals having taxable income up to Rs 5 lakh other than business income. Utilisation of head post offices for passport service. Service charge on e-tickets booked through IRCTC withdrawn. Under the scheme for profit-linked income tax deduction for promotion of affordable housing, carpet area instead of built up area will be considered. Reduction in the holding period for computing long term capital gains from transfer of immovable property from 3 to 2 years. Further relief has been provided to an employee subscriber of NPS. It is proposed to provide tax exemption to partial withdrawal not exceeding 25% of the contribution made by an employee. A new ETF with diversified CPSE stocks and other government holdings will be launched in 2017-18. Also, the base year for indexation is proposed to be shifted from 1.4.1981 to 1.4.2001 for long term capital assets including immovable property. 	<ul style="list-style-type: none"> Maximum taxable income amount eligible for rebate reduced to Rs 350,000 from Rs 500,000, and the rebate amount reduced to Rs 2500 from Rs 5000. 	<ul style="list-style-type: none"> ETF launch for CPSEs would serve as a long term investment avenue. Shift in base year for indexation will ease computation of long term capital gain. Government has taken several initiatives for affordable housing which will help youth with basic housing needs.

Category	Positives from Budget	Negatives from Budget	How to beat the Budget
Retired Individual	<ul style="list-style-type: none"> LIC will implement a scheme, Varishtha Pension Bima Yojana, for senior citizens to provide assured pension, with a guaranteed return of 8% per annum for 10 years. For senior citizens, Aadhar-based Smart Cards containing their health details will be introduced which will ease the access of medical history in case of medical emergencies. Tax rate for tax slab between 2.5 lakh to 5 lakh reduced to 5% from 10%. A web-based interactive Pension Disbursement System for Defence Pensioners will be established. This system will receive pension proposals and make payments centrally, reducing the grievances for defence pensioners. Proposal to expand the scope of Section 54EC (investment in tax saving bonds that help reduce long term capital gains tax liability of up to Rs 50 lakhs that arises on transfer of property) to include issuers other than NHAI and REC. It has been proposed that the holding period of property investments for the purpose of calculating tax on long-term capital gains be reduced from three years currently to two years. Thus, after two years, property sales will be able to qualify for long-term capital gains and reduce taxes. Service charge on e-tickets booked through IRCTC has been withdrawn. 	<ul style="list-style-type: none"> Maximum taxable income amount eligible for rebate is reduced to Rs 350,000 from Rs 500,000 and also the rebate amount is reduced to Rs 2,500 from Rs 5,000. 	<ul style="list-style-type: none"> LIC's Varishtha Pension Bima Yojana, assured pension scheme will ensure steady reliable income
Home maker	<ul style="list-style-type: none"> Mahila Shakti Kendra to be set up with an allocation of Rs 500 crore in 14 lakh ICDS anganwadi centres. Stepped up allocation to Rs 1.84 trillion for various schemes for women and children Under Maternity Benefit Scheme Rs 6,000 each will be transferred directly to bank accounts of pregnant women who undergo institutional delivery and vaccinate their children. Action plan to eliminate leprosy by 2018, TB by 2025, and reduce IMR to 29 in 2019. Affordable housing to be given infrastructure status. Proposal to complete 1 crore houses by 2019 for the homeless and those living in kutcha houses. Lending target under Pradhan Mantri Mudra Yojana to be set at Rs 2.44 lakh crore; priority will for dalits, tribals, backward classes and women. Women participation in MGNREGA has increased to 55% from less than 48%; allocation to MGNREGA to be the highest ever at Rs 48,000 crores in 2017-18. Propose to amend the Drugs and Cosmetics Rules to ensure availability of drugs at reasonable prices and promote use of generic medicines. Service charge on e-tickets booked through IRCTC has been withdrawn 	<ul style="list-style-type: none"> Cashew nuts to become expensive as basic customs duty hiked from 30% to 45%. LED lights prices to go up as parts used for manufacturing LED lights will attract basic customs duty of 5% and CVD of 6%. Water filters mainly used for households to become expensive as basic customs duty (BCD) on RO membrane element for household type filters increased from 7.5% to 10%. Silver medallion, silver coins having silver content not below 99.9%, semi-manufactured form of silver and articles of silver to get expensive as countervailing duty (CVD) increased from nil to 12.5%. Prices of mobile phones set to go up by about 1%, with customs duty proposed on a component that makes up 25-30% of the phone cost. 	<ul style="list-style-type: none"> Mahila Shakti Kendra will provide one stop convergent support services for empowering rural women with opportunities for skill development, employment, digital literacy, health and nutrition. Mission Antyodaya will work with a focused micro plan for sustainable livelihood for every deprived household.

^with effect from 1 April 2018.

The document is solely for general information and understanding of intended recipients only. If you are not the intended recipient, you are hereby notified that any use, distribution, reproduction or any action taken or omitted to be taken in reliance upon the same is prohibited and may be unlawful. Views expressed herein should not be construed as investment advice to any party and should not be considered as solicitation for investments in any Scheme of Birla Sun Life Mutual Fund. Wherever possible, all the figures and data given are dated, and the same may or may not be relevant at a future date. Further the opinions expressed and facts referred to in this document are subject to change without notice and Birla Sun Life Asset Management Company Limited (BSLAMC) is under no obligation to update the same. The statements contained herein are based on current views and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. While utmost care has been exercised, BSLAMC or any of its officers, employees, personnel, directors make no representation or warranty, express or implied, as to the accuracy, completeness or reliability of the content and hereby disclaim any liability with regard to the same. Recipients of this material should exercise due care and obtain the advice of tax/legal/accounting/financial/other professional(s) prior to taking of any decision, acting or omitting to act. Further, the recipient shall not copy/circulate/reproduce/quote contents of this document, in part or in whole, or in any other manner whatsoever without prior and explicit approval of BSLAMC.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.