

TAX AND LEGAL SOLUTIONS

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IMPORTANT PROVISIONS OF BUDGET 2017

(All provisions are applicable from Financial Year 2017-18 unless mentioned otherwise)

TDS / Advance Tax (Applicable for Financial Year 2017-18). Marginal Relief to be granted where applicable.

A. Tax Rates For Individuals (Financial Year 2017-18, Assessment Year 2018-19)

Income (Rs.)	Other than Senior Citizen	Senior Citizen	Very Senior Citizen
< 2,50,000	0	0	0
2,50,000 to 3,00,000	5% Tax + 3% Cess (Effective tax NIL as Rebate 2500)	0	0
3,00,000 to 3,50,000	5% Tax + 3% Cess (Rebate of Rs. 2500 applicable)	5% Tax + 3% Cess (Rebate of Rs. 2500 applicable)	0
3,50,000 to 5,00,000	5% Tax + 3% Cess	5% Tax + 3% Cess	0
5,00,000 to 10,00,000	20% Tax + 3% Cess	20% Tax + 3% Cess	20% Tax + 3% Cess
10,00,000 to 50,00,000	30% Tax + 3% Cess	30% Tax + 3% Cess	30% Tax + 3% Cess
50,00,000 to 1,00,00,000	30% Tax + 10% SC + 3% Cess	30% Tax + 10% SC + 3% Cess	30% Tax + 10% SC + 3% Cess
>1,00,00,000	30% Tax + 15% SC + 3% Cess	30% Tax + 15% SC + 3% Cess	30% Tax + 15% SC + 3% Cess

TDS from Rent. In case an individual gives property on rent to another individual (even not liable for audit) and the rental value is more than Rs. 50,000/- per month, tax will be deducted @ 5% of rent paid for the year while paying rent of the last month of the year. Also, such deductor need not obtain TAN Number.

Period for Long Term Capital Gain: If a land or building is held for 24 months, gains from transfer will amount to Long Term Capital Gains. Earlier, this period was 36 months.

Tax Exemption to Owners of Land given for Telangana Capital Capital Gains are exempt for those persons, whose land was pooled under the scheme for development of Capital of Telangana, if they transfer their land to any person. This is applicable retrospectively from 1.4.2015

Base Year for Capital Gains being shifted from 1981 to 2001

Scope of Bonds for Capital Gains. Presently NHA and REC Bonds are given as Capital Gains bonds. Now Govt is given power to declare any bond as Capital Gains Bonds.

Cash donations disallowed: Cash donations under section 80 G, beyond 2000 will have to be by mode other than cash. Earlier this limit was Rs. 10,000 /-

Any cash transaction beyond Rs. 3,00,000 /- will invite penalty of equal amount.

If donation to a political party is received beyond Rs. 2000 /- in cash, tax exemption on that amount will NOT be available.

Insurance Commission is also included in Self Declaration Form 15G / 15H

Prior Assessment and refund is necessary even in scrutiny cases. Adjustments to refund will be done after scrutiny is completed.

If any refund is due to deductor, he will get interest @ .5% per month.

Time limit for completion of regular assessment is brought down to 18 months for AY. 2018-19 and to 12 months from A.Y. 2019-20 onwards

Revise return can now be filed only up to the end of the Assessment Year

Exemption of LTCG under section 10(38) on transfer of shares is applicable only for the shares on which STT is paid but also for shares acquitted without paying STT in case of IPO, FPO, Bonus shares or rights issue.

Fee for Late filing of Income Tax Returns. Effective from Assessment Year 2018-19

If return is filed after due date up to 31 st December	– Fee of Rs. 5000 /-
If return is filed after 31 st December	– Fee of Rs. 10,000 /-
If Total income is below Rs. 5 lakh & return is filed after due date	– Fee of Rs. 1000 /-

Deduction under Section 80CCG (Rajiv Gandhi Equity Saving Scheme) stands removed from Assessment Year 2018-19. But earlier deduction will continue.

Loss from House Property during current year will be adjusted only up to Rs. 2 Lakh. Balance loss to be carried forward next year.

Withdrawal of 25% of own contribution to NPS will be tax free.

Col Sharadchandra Patil (Retd)

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2nd February, 2017

INVESTMENT OPPORTUNITIES AS PER BUDGET 2017

Dear Officer,

In continuation with my last communication made in January, I have made change in recommendations because of negative impetus given by the Government to National Pension System. It was expected that they would make that investment more liquid. At present only three withdrawals are permitted 5 years apart each starting from 10th year and for specific purposes. The Govt. has NOT changed that. Also, because of various restrictions, the returns from NPS are likely to be at the most 10% or below. The only advantage is that you get income tax deduction on amount invested in NPS. That can be offset by tax-free income generated from investment in mutual funds.

Also, the Govt. has NOT levied tax on long term capital gains from Mutual Funds (as was feared after the Hon'ble Prime Minister's speech of 31st December 2016)

The documents with KYC Form are required to be self attested only. There is NO requirement of getting them attested by any other officer.

My Recommendations:-

1. Invest Rs. 5,000 /- per month in DSOP. Invest Rs. 3,000 /- per month in insurance company preferably a company that gives insurance cover for militancy / terrorist action, war and other war like situations (Only DHFL Premarica Insurance Company gives that coverage as per me). With Rs. 5,000 /- per month AGI Subscription, it will cover Rs. 1,50,000 /- tax free investment in a year.
2. Invest Rs. 12,000 /- in a year in NPS. It will cover Rs. 12,000 /- additional tax-free investment in a year. [Tax Free, Lock in period]
3. Invest Rs. 25,000 /- in a year for medical insurance of parents. [Tax free investment, Medical Cover]

4. **Invest Balance available amount (preferably in monthly SIP) in Equity Oriented and Debt Oriented Mutual Funds in following proportions: [Limited risk being offset by returns]**
 - a. **Age below 40: Equity 80% Debt 20%.**
 - b. **Age 40 to 45: Equity 60% Debt 40%.**
 - c. **Age 45 to Superannuation: Equity: 50%, Debt 50%.**
 - d. **After superannuation age: Equity 40%, Debt. 60%**
5. **Invest Rs. 0 /- (ZERO) in Bank FDs. [Low interest and hassles of TDS]**
6. **Invest Rs. 0 /- (ZERO) in Company Deposits however lucrative it may be and whatever is the reputation of the Company. [High Risk]**
7. **Invest Rs. 0 /- (ZERO) in Shares / Derivatives either by yourself or through broker, unless you are a known expert in the field. [High Risk]**

How to Invest

For National Pension System, you will have to go to your bank. SBI, HDFC and ICICI - all three banks are Govt. approved agencies for NPS.

For Mutual Funds, I shall help you. It is pretty easy. All you have to do is send KYC Documents (KYC Form, Photographs, PAN Card Copy and Aadhar Card Copy) duly self attested and I shall get your KYC approved. Along with the KYC Form, I shall send you Mutual Fund Forms as necessary and appropriate for you. You have to sign and send them back with First Cheque in the name of the Mutual Fund and ECS Mandate for future installments to the concerned mutual fund house. There is NO requirement for you to have a DEMAT Account. Also, there is NO requirement of your personal presence. Also, whether you are in Arunachal or in Kashmir or in Deserts is NOT material. I can handle your investment requirements from here at Pune. The entire correspondence up to allotment of units should take less than 20 days.

I shall take care of all the administrative aspects of investment / redemption and shall send you monthly report on the behaviour of your investment. I shall re-assess your investment on your behalf once in a year and change the fund if absolutely necessary, only AFTER CONSULTING YOU.

I have put the words AFTER CONSULTING YOU in block capital with a special reason. I have seen a case where a broker churned the investments of the investor without knowledge of the investor to the


extent that total amount invested / withdrawn / reinvested was Rs. 10 crore in a year with negligible profit. But the broker himself got huge amount of commission. Even the employees of some big broking companies are indulging in such malpractices. I am an Ex Army Officer holding the same ethos and values as you hold. So, please be assured of complete confidentiality, loyalty, competence, prudence and transparency on my part.

I have made this model for serving officers. I can work out a different model for retired officers individually as per their needs.

So Comrades, be enlightened and invest properly so that you get maximum tax benefits and also appropriate returns from your investment that you well deserve.

Thanking you.

Yours faithfully,



(Sharadchandra S Patil)

Col (Retd)

Independent Financial Advisor

Registered Mutual Fund Advisor