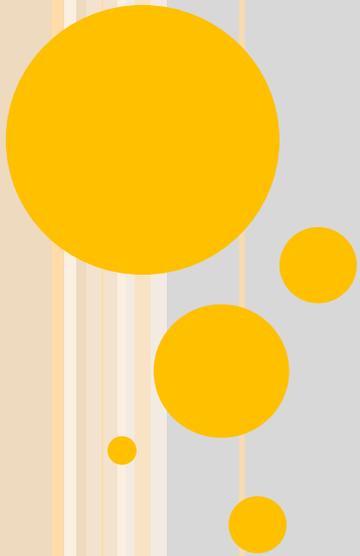


BUDGET REVIEW 2018

- A PRESENTATION BY KALRA & ASSOCIATES



KEY HIGHLIGHTS:

- The Finance Minister today presented the Union Budget 2018.
- Budget 2018 is India's first budget after roll out of the Goods and Services Tax.
- The union budget appears to be committed towards strengthening agricultural sector along with the infrastructure sector with major decisions been taken in these areas.
- Every enterprise in India to be assigned a unique ID on lines of Aadhar.
- Necessary measures proposed to be taken to enable the state governments to purchase surplus solar power produced by local farmers at suitable prices.

- To meet the problem of air pollution in Delhi-NCR Govt. has proposed subsidised machinery for in-situ management of crop residue in Punjab, Haryana, Uttar Pradesh and NCT Delhi.
- Tuberculosis remains a major health concern of India in preset times. INR 600 crore allocated to Tuberculosis patients undergoing treatment.
- FM proposes automatic revision of emoluments of Parliamentarians every five years, indexed to inflation.
- Emoluments of the Parliamentarians revised as per the following structure:
 - -- Rs 5 lakh for the President of India
 - -- Rs 4 lakh for the Vice President
 - -- Rs 3.5 lakh for the Governors



HEALTH AND EDUCATION SECTOR

The Budget 2018 made certain commitments towards the improvement of public Health.

- FM proposed 2 major Programmes as a part of the “Ayushman Bharat Programme”.
- FM proposed the Flagship National Health Protection Scheme wherein, the Govt proposes to provide INR 5 lakhs per family per year for secondary and tertiary hospitalisation.
- The scheme is aimed at benefitting around 50 crore beneficiaries and would be the World’s largest funded programme.
- Around 24 new medical colleges and hospitals are further proposed to be set up to ensure the availability of a government hospital in every state.

- To tackle brain drain, FM announces scheme to identify bright students pursuing B Tech in premiere engineering institutes, and providing them higher-education opportunities in the IITs and IISc. These students will receive handsome fellowships, and will be expected to dedicate a few hours to teach in higher education institutions weekly.
- Govt will set up two new Schools of Planning and Architecture, says Finance Minister.
- Eklavya schools to be started for Scheduled Tribe populations.
- Digital medium shall be used for educating students. Necessary measure proposed to be taken to shift over from the black boards to digital boards in classrooms.
- Digital mediums to be further implemented for training of teachers.



INFRASTRUCTURE SECTOR

The FM today identified Infrastructure as the growth driver of economy. The major decisions taken to develop world class infrastructure are enumerated hereunder:

- National Heritage City Development Augmentation Scheme has been undertaken to preserve and protect heritage cities in the country.
- A capital expenditure of Rs 1,48,528 crore for Indian Railways in for the year 2018-19 announced.
- The government will undertake redevelopment of 600 major railway stations across the country.
- Mumbai transport receives Rs 40,000 crore
- 4,000 km of new railway track proposed to be laid down by 2019.



- Airport capacity to be hiked to handle 1 billion trips every year.
- Govt announces AMRUT program to focus on water supply to all households in 500 cities.
Water supply contracts for 494 projects worth INR 19,428 core will be awarded.
- 5 lakh WiFi hotspots proposed to be set up in rural areas to provide easy internet access.

** Infrastructure has been identified as a major contributor to the economic development of any country , since past several years. Massive investments proposed, towards strengthening the country's infrastructural growth clearly depicts that on one hand the government is committed to provide the basic amenities to each and every household and on the other hand, proposals have been made to pave way for a new developed India with better connectivity through roads, railway and airports.



DIRECT TAX REFORMS

Direct tax reforms proposed in the Union Budget 2018 on one hand provided major reliefs to the senior citizens and the corporate world, while on the other hand expanded the tax net by taxing the Long term capital gain from listed equities. The key highlights of the direct tax reforms are hereunder:

- Health and education cess increased to 4 per cent.
- No change in tax slabs proposed for individuals.
- Standard deduction of INR 40,000 for salaried employees in lieu of transport and medical expenses allowed. Around 2.5 crore employees aimed to be benefitted.
- System of Electronic assessments introduced to avoid manual intervention.
- Women employee's contribution towards PF reduced to 8.33% in 1st three years for new EPF accounts.

➤ Benefits to Senior citizens:

- ✓ For senior citizens, exemption of interest income on deposits in banks and post offices raised from INR 10,000 to INR 50,000.

Further no TDS is required to be deducted on such income u/s 194 A of the Income tax Act.

- ✓ The benefits of increased exemption also to be extended to recurring and non recurring deposit schemes.
- ✓ Deduction for medical benefits u/s 80 D of the Income tax Act for senior citizens increased to INR 50,000.
- ✓ Further, deduction u/s 80 DDB for treatment of specified diseases also increased to INR 1 lakh for both senior and very senior citizens.

➤ Equity Oriented Mutual funds taxed..

- ✓ FM proposes to introduce tax on distributed income by equity oriented mutual funds at 10%.
- ✓ Long term capital gains on equity oriented mutual Funds, exceeding INR 1 lakh to be taxed at 10 % without indexation.
- ✓ All LTCG upto 31st January 2018 shall however, remain exempt.
- ✓ Short term capital gains on Listed equities continue to be taxed at 15%.

*** taxing mutual fund investments saw an immediate impact on the stock markets where SENSEX fell sharply by 438.79 pts.*

- Stringent enforcements introduced for charitable trusts wherein any expenditure made by the charitable trusts exceeding INR 10,000 in cash have been proposed to be disallowed.
- Big Relief proposed for the corporate sector.
 - ✓ Companies with reported turnover of upto INR 250 crores shall be taxed @ 25%.
 - ✓ 5% reduction in corporate tax rates shall cover a major part of the corporate world.
 - ✓ As such, government has proposed to forego revenue worth INR 7000 crores to extend benefits to the corporate sector. The major relief extended would be a great help and expected to foster a higher growth rate.

INDIRECT TAX REFORMS

The finance Minister presented the first Union Budget post rolling out of GST.

Since major indirect taxes like excise duty, Value added tax and Services tax have subsumed in GST, Union Budget 2018 mainly focused on the Customs Duty reforms.

- With a view to promote the domestic industry the Hon'ble Finance Minister proposed to increase Custom duty on mobile phones from 15% to 20% and on some parts and accessories of mobile phones to 15%.
- At the same time Custom duty on some parts of Television is also proposed to be increased to 15% thereby making imports expensive.



- The custom duty on import of raw cashew is proposed to be reduced from 5% to 2.5% to promote the cashew processing industry.
- For ease of doing business certain amendments have also been proposed to be made under the Customs Act.

** The Indirect Tax regime has viewed major reforms since the past several months with rolling out of GST. While the industry is still working out with the new tax regime, the FM chose to introduce only limited variation in the field of indirect taxes.



AN OVERVIEW

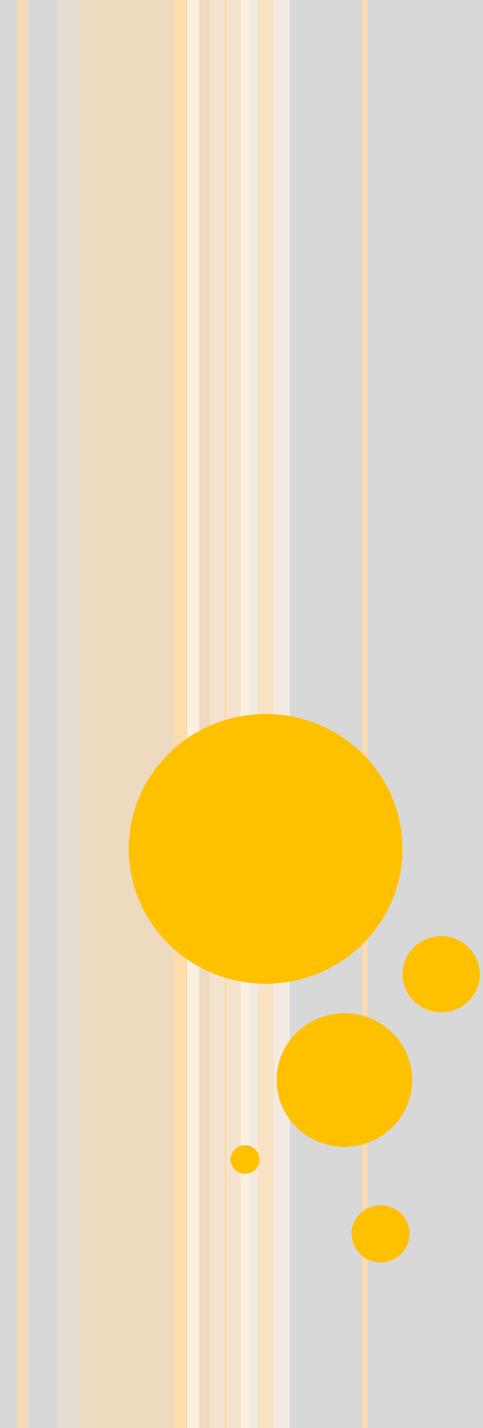
The Union Budget 2018 proves to be a strong budget.

While the Hon'ble Finance Minister focused strengthening the agricultural sector, at the same time infrastructure and basic health and education also found a place of significance in the Union Budget.

Whereas not much benefits have been extended to the individuals, the corporate sector received major relief with reduction of corporate tax rate by 5%. Hopefully, the reduced tax rates would help foster industrial growth thereby enhancing the employment opportunities.

Taxing the income from equity oriented mutual funds did not appear to be welcomed by the industry. SENSEX saw an immediate fall of 438.79 points.





KALRA & ASSOCIATES
LAW OFFICES

Uttar Pradesh
G 15 Sector 3 NOIDA, Uttar Pradesh.
Phone No- 0120-2544881/82

Uttrakhand
74 Old Connaught Place, Dehradun.
Phone No-0135-2715894/2711550