

03rd February 2017

Budget - Finance Minister reduces the tax rate from 10 to 5 per cent for individual income between Rs 2.5 Lakhs to Rs 5 lakhs.

During General Budget 2017-18 in the parliament, Finance Minister said that the present burden of taxation is mainly on honest tax payers and salaried employees who are showing their income correctly. Therefore, post-demonetisation, there is a legitimate expectation of this class of people to reduce their burden of taxation. The Finance Minister further said that if a nominal rate of taxation is kept for lower slab, many more people will prefer to come within the tax net.

Finance Minister appeals to all citizens to contribute to Nation Building by making a small payment of 5 per cent tax if their income is falling in this slab.

Finance Minister reduced the rate of taxation from existing 10 per cent to 5 per cent for individual assesses between income of Rs 2.5 lakhs to Rs 5 lakhs. This would reduce the tax liability of all persons below Rs 5 lakhs income either to zero (with rebate) or 50 per cent of their existing liability.

Finance Minister said that the Government is trying to bring within tax-net more people who are evading taxes. So, in order to expand tax net, it is decided to have a simple one-page form to be filed as Income Tax Return for the category of individuals having taxable income upto Rs 5 lakhs other than business income.

Also, a person of this category who files income tax return for the first time would not be subjected to any scrutiny in the first year unless there is specific information available with the Department regarding his high value transaction.