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**C I R C U L A R**

Date: 01/02/2016

Dear Client,

We give below a few of the obligations of tax payers and changes brought about by the Finance Act, 2015 applicable for the year ending 31<sup>st</sup> March, 2016 so as to enable you to comply with the same within the stipulated time.

1. The due dates for filing Income Tax Returns remain the same: i.e.,
  - Companies and non corporate assesseees with tax audit - **30<sup>th</sup> September**
  - Others - **31<sup>st</sup> July**

2. **Rates of Income Tax**

- a. The tax rates for individual/HUF/BOI are as follows:-

**For every Individual being resident in India, below 60 years at any time during the previous year & for HUF:**

Where the total income does not exceed Rs. 2,50,000/-	<b>NIL</b>
Where the total income exceeds Rs. 2,50,000/- but does not exceed Rs. 5,00,000/-	<b>10% of the amount by which the total income exceeds Rs. 2,50,000/-</b>
Where the total income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-	<b>Rs. 25,000/- plus 20% of the amount by which the total income exceeds Rs. 5,00,000/-</b>
Where the total income exceeds Rs. 10,00,000/-	<b>Rs. 1,25,000/- plus 30% of the amount by which the total income exceeds Rs. 10,00,000/-</b>

**Individual, being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the previous year:**

Where the total income does not exceed Rs. 3,00,000/-	<b>NIL</b>
Where the total income exceeds Rs. 3,00,000/- but does not exceed Rs. 5,00,000/-	<b>10% of the amount by which the total income exceeds Rs. 3,00,000/-</b>
Where the total income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-	<b>Rs. 20,000/- plus 20% of the amount by which the total income exceeds Rs. 5,00,000/-</b>
Where the total income exceeds Rs. 10,00,000/-	<b>Rs. 1,20,000/- plus 30% of the amount by which the total income exceeds Rs. 10,00,000/-</b>

**Individual, being a resident in India, who is of the age of 80 years or more at any time during the previous year:**

Where the total income does not exceed Rs. 5,00,000/-	<b>NIL</b>
Where the total income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-	<b>20% of the amount by which the total income exceeds Rs. 5,00,000/-</b>
Where the total income exceeds Rs. 10,00,000/-	<b>Rs. 1,00,000/- plus 30% of the amount by which the total income exceeds Rs. 10,00,000/-</b>

- b. The rate of tax u/s 115 JB (MAT) for companies is 18.5%.  
A person other than a company (i.e., an individual, HUF, AOP, BOI or an artificial juridical person) shall be liable to pay Alternate Minimum Tax (AMT) at the rate of 18.5% on the adjusted total income. If the adjusted total income does not exceed Rs.20 lakh or if the assessee has not claimed any deduction under sections 10AA, 80H to 80RRB (other than 80P), then provisions of AMT are not applicable.
- c. Tax rate for Firms and Domestic Companies remain at 30%
- d. Surcharge on income tax in respect of domestic companies & foreign companies where the net income is in the range of Rs.1 crore to 10 crore is 7% & 2% respectively, and if net income exceeds Rs.10 crore, it is 12% in case of domestic companies and 5% in case of foreign companies.
- e. If net income of a firm exceeds Rs. 1 Crore, surcharge of 12% is applicable from A.Y. 2016-17
- f. If net income of individuals/ HUF exceeds Rs.1 Crore, surcharge of 12% is applicable from A.Y 2016-17.  
  
Education cess on income tax and surcharge is 3 % for all categories of assesses.
- g. Rebate u/s 87A- A resident individual whose net income does not exceed Rs.5,00,000/- can avail rebate of Rs.2,000/- or 100% of Income Tax payable whichever is less.
- h. BENEFIT TO SENIOR CITIZEN:- If the senior citizen has no income from business or profession, he need not pay advance tax (i.e. Sec.234C & 234B are not applicable to them).
3. In respect of dividend declared dividend distribution tax is 17.647%. Further surcharge @ 12% and education cess @ 3% is payable, effective rate is 20.357%.
4. The rate of income tax payable on short- term capital gain u/s 111A (sale of listed securities) is 15%.
5. Long term capital gain on sale of equity shares or units of equity oriented fund on which securities transaction tax has been paid are exempt u/s 10(38).
6. The limits for tax audits are, for turnover/gross receipts exceeding Rs 1 crore for persons carrying on business and Rs.25 lakh for professionals.
7. Presumptive tax u/s 44AD is applicable to all small businesses (except the business of plying goods carriages which is covered u/s 44AE, professions viz. legal, medical, engineering etc., persons earning commission or brokerage income and any agency business) where the total turnover does not exceed Rs.1 crore. The assessee can return a sum of 8% of turnover as income or such higher sum as claimed by the assessee. However no further deduction including depreciation will be allowed from such sum except for salary and interest paid by firms to their partners in accordance with section 40(b) of the IT Act. The provisions of the IT Act relating to liability for payment of Advance tax are also not applicable if assessment u/s 44 AD is opted.
8. As per sec 37(1) expenditure incurred by an assessee on the activities relating to Corporate Social Responsibility shall not be deemed to have been incurred for the purpose of business and hence shall not be allowed as deduction.

9. Provision of Sec.80D has been extended to such other health scheme as may be notified by the Central Govt. Deduction u/s 80D can be claimed for medical insurance premium paid up to Rs.25,000/- and for senior citizens to Rs. 30,000/- Super Senior Citizens above the age of 80 years who are not covered by Health Insurance, to be allowed deduction of Rs. 30,000 towards actual medical expenditure.
10. Deduction limit of Rs. 60,000 to be enhanced to Rs. 80,000 with respect to specified diseases of serious nature for super senior citizen u/s 80DDB.
11. Deduction u/s 80E can be claimed by an individual for interest paid on loan taken from any financial institution or approved charitable institution for pursuing his or his relative's higher education for 8 assessment years or till the interest is paid in full, whichever is earlier.
12. No deduction shall be allowed under Section 80G in respect of donations above Rs.10,000/- made in cash.
13. Deduction u/s 80TTA is available to an individual or HUF in respect of any income by way of interest on deposits in a saving account with a bank, co-operative society carrying on banking business or a post office. Amount of deduction is limited to Rs.10,000/-.
14. Deduction u/s 80C has been increased from 1,00,000/- to 1,50,000/- with effect from A.Y. 2016-17.
15. Additional deduction of Rs.50,000/- for contribution to National Pension Scheme u/s 80CCD shall be allowed to all individuals.
16. Transport Allowance exemption limit has been increased from Rs.800 per month to Rs.1600 per month for salaried assessee.
17. Tax Residency Certificate – Apart from submission of a tax residency certificate, the assessee shall also provide prescribed documents and information for claiming benefits under Double Taxation Avoidance Agreements.
18. Rates for tax deduction at source (TDS) are as follows :-

<i>Payments</i>	<i>TDS</i>
192 - Salary	As per slab rates of the employees
194 A - Interest on non-securities	Interest payments made by a banking company or post office , the ceiling limit for deduction of TDS is Rs.10,000/- & in the case of interest payments made by others the ceiling limit is Rs. 5,000/-. 10%
194 C - Payment to contractors	TDS to be deducted if the sum credited or paid is in excess of Rs: 30,000 or the aggregate payment to the contractor in a year exceeds Rs.75,000/- . Rate of TDS in the case of contractors who are individuals / HUF is 1% and to any other person is 2%. No TDS is required to be deducted from goods transport operators where such contractor owns ten or less carriages at any time during the year and furnish a declaration to that effect with the PAN number.
194 H - Payment of commission or brokerage	TDS is to be deducted if the sum credited or paid exceeds Rs.5,000/-. The rate of TDS is 10%.
194 I - Rent	TDS is required to be deducted if the sum credited or paid exceeds Rs.1,80,000/-. 2 % - Plant & Machinery 10% - Land & Building and Furniture & Fittings
194 IA - Payment on transfer of certain immovable property	TDS @ 1% will be deductible from the resident seller by the buyer where consideration is more than Rs:50 lakhs. Agricultural land is exempted.
194 J - Professional fees	TDS @ 10% is required to be deducted when the sum credited or paid exceeds Rs. 30,000.

Any person entitled to receive any sum or income or amount on which TDS is applicable shall furnish his PAN to the deductor failing which TDS @ 20% shall be deducted.

19. The due dates for remittance of TDS and issue of TDS Certificates in respect of payments made are as follows:-

Obligation	Due Date
Deposit of non- salary TDS deducted in the month of March 2016	April 30 <sup>th</sup>
Filing of quarterly return in Form 24Q & 26Q	July 15 <sup>th</sup> , Oct 15 <sup>th</sup> , Jan 15 <sup>th</sup> and May 15 <sup>th</sup> .
Issue of Form 16	May 30 <sup>th</sup> .
Issue of Form 16 A	Quarterly July 30 <sup>th</sup> , Oct 30 <sup>th</sup> , Jan 30 <sup>th</sup> and May 30 <sup>th</sup> .

Where a person fails to furnish quarterly TDS / TCS returns, he shall be liable to pay, by way of fee, a sum of Rs.200/- for every day during which the failure continues (w.e.f 01/07/2012).

20. Advance tax in respect of Income Tax is to be remitted as follows:-

In respect of Companies:-

On or before 15 <sup>th</sup> June	<b>15% of IT</b>
On or before 15 <sup>th</sup> September	<b>45% of IT</b>
On or before 15 <sup>th</sup> December	<b>75% of IT</b>
On or before 15 <sup>th</sup> March	<b>100 % of IT</b>

In respect of Firms and individuals:-

On or before 15 <sup>th</sup> September	<b>30% of IT</b>
On or before 15 <sup>th</sup> December	<b>60% of IT</b>
On or before 15 <sup>th</sup> March	<b>100 % of IT</b>

Interest will be payable @ 1 % per month for the shortfall in payment of advance tax.

21. Payments made above Rs 20,000/- (Rs. 35,000/- in case of goods carriers) in cash will be completely disallowed u/s 40A(3).
22. All expenses on which TDS is not deducted will be disallowed, restricted to 30% of the expenditure.
23. Mode of taking or accepting loans, deposits and specified sum (amount received in relation to transfer of an immovable property) (Sec 269SS) and repayment of the same (Sec 269T) has to be by an account payee cheque or bank draft and contravention of these sections can result in penalty of equal amount so accepted or repaid.
24. Section 32(1) (Relating to additional Depreciation) has been amended from the assessment year 2016-17 onwards to provide that if the asset is put to use for less than 180 days in the year of acquisition, then additional depreciation would be 10% of the cost of acquisition in the first year and the balance 10% would be available in the immediately succeeding previous year.
25. The existing threshold limit for specified domestic transactions of Rs. 5 Crore under section 92BA has been increased to Rs. 20 crore from the assessment year 2016-17
26. Grace period of 5 days available to the employers for depositing the Provident fund contribution and other dues has been withdrawn from February 2016. The remittances being deposited through internet banking has reduced the process and time taken in calculation of PF dues and its remittances in the bank. Hence employers have to remit PF contributions and administrative charges within 15 days of close of every month.
27. Wealth tax has been abolished from the A.Y. 2016-17.
28. Procedures for collection and remittance of Service Tax and filing returns for the same have to be strictly followed. After introduction of Service Tax negative list almost all services fall under the ambit of Service Tax.
29. Audit report under KVAT Act and AIT Act are to be filed on time.
30. Please note that under the Companies Act, Annual General Meeting in which audited final accounts are to be presented will have to be held before 30<sup>th</sup> September. Separate circular regarding the key changes in Companies Act, 2013 (applicable from 01/04/2014) was already circulated. Please note that the penalties for non-compliances are very high as per the Companies Act, 2013.