



FY 2017-18 (AY 2018-19)

TAX PLANNING GUIDE

This guide provides an overview of some key tax provisions you need to be aware of. Also it offers a variety of strategies for minimizing your taxes and filing your returns.



New Changes of Income Tax in Budget 2017

10% to 5%

Tax Rate

The Tax rate for income between Rs.2.5 lakh to Rs.5 lakhs has been reduced to 5% from 10%

10%

Surcharge

10% surcharge introduced for income between Rs.50 lakhs to Rs. 1crore.

Rs.2,500/-

Tax Rebate

Tax rebate under Section 87A reduced to Rs.2,500 for income up to Rs.3.5 lakhs.

TDS of 5%

TDS on Rent

TDS of 5% applicable if the monthly rent paid is more than Rs.50,000/-

Rs. 2 lakhs

Loss from HP

Loss from House property capped at Rs.2 lakh irrespective of the house is rented or self-occupied.

Rs. 5,000 / 10,000

Penalty

Delayed tax filing is liable to a penalty of Rs. 5,000 if filed after July'18 and Rs. 10,000 if filed after Dec 2018. It is restricted to Rs. 1,000 for tax payers whose income is up to Rs.5 Lakh.

Income tax Slabs

for FY 2017 - 18 (AY 2018-19)

Individual / HUF (Below 60 years of Age)		Senior Citizens (60 to 80 years of Age)		Super Senior Citizens (More than 80 years of Age)	
Slab	Rate	Slab	Rate	Slab	Rate
Up to Rs. 2.50 lakhs	Nil	Up to Rs.3 lakhs	Nil		
Rs. 2.50 - 5 lakhs	5%	Rs.3 - 5 lakhs	5%	Up to Rs. 5 lakhs	Nil
Rs. 5 - 10 lakhs	20%	Rs.5 - 10 lakhs	20%	Rs. 5 - 10 lakhs	20%
Above Rs.10 lakhs	30%	Above Rs.10 lakhs	30%	Above Rs.10 lakhs	30%

Surcharge: Surcharge at 10% for income between Rs. 50 Lakhs and Rs. 1 Crore and 15% for income above Rs. 1 Crore.

Cess 3%: Education Cess on Income Tax @2%. Secondary and Higher Education Cess charged @1%.

Rebate: Tax Rebate Rs.2,500 for income up to Rs. 3.50 lakhs.

Total Tax Payable for AY 2018-19

Taxable Income	For Individuals (<60yrs)	For Senior Citizens (60 - 80 yrs)	For Super Senior Citizens (>80 yrs)	Taxable Income	For Individuals (<60yrs)	For Senior Citizens (60 - 80 yrs)	For Super Senior Citizens (>80 yrs)
2,50,000	-	-	-	6,00,000	33,475	30,900	20,600
3,00,000	2,575	-	-	8,00,000	74,675	72,100	61,800
3,50,000	5,150	2,575	-	10,00,000	1,15,875	1,13,300	1,03,000
4,00,000	7,725	5,150	-	12,00,000	1,77,675	1,75,100	1,64,800
4,50,000	10,300	7,725	-	15,00,000	2,70,375	2,67,800	2,57,500
5,00,000	12,875	10,300	-				



What is Financial Year?

The Financial Year (FY) is the year in which you earn an income.

What is Assessment Year?

The Assessment Year (AY) is the year following the FY in which the income is evaluated and filing is made.

Return of income :

- The particulars of income earned by a person in a financial year and taxes paid on such income are communicated to the Income-tax Department through a return of Income.
- The return forms are known as ITR forms (Income Tax Return Forms).

ITR Forms applicability

Sources of Income	ITR1	ITR2
Income from Salary / Pension	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Income from one House Property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Income from multiple House Property		<input checked="" type="checkbox"/>
Agricultural Income exceeding Rs.5,000		<input checked="" type="checkbox"/>
Income from Other Sources	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Capital Gains		<input checked="" type="checkbox"/>



Benefits of Filing Return :

- To get loans: your return shows your credibility
- To claim refund of excess tax paid / deducted.
- To get the Visa processed
- To carry forward losses to future years
- To buy high value life cover

Benefits of e-filing the return of income:

- Saves time and efforts.
- The e-filed returns are generally processed faster.
- Easy to maintain the copies of the Return Filed.



Paper returns can only be filed by those who are above 80 years of age OR by an individual or HUF whose income does not exceed five lakh rupees and who has not claimed any refund in the return of income.

- e Return can be filed by ITD portal or through ERIN such as Integrated.
- ITRV form to be sent to CPC, Bangalore within 120 days, from the e-Filing date.
- By verifying the return electronically (EVC), there is no need for sending the ITRV to CPC.
- EVC can be done using assessee's Bank Account, AADHAAR, Demat Account or by directly logging in e-filing portal

Verifying return is Simple and Easy !!!

No need to send ITR V to CPC. Now it's Fast, Easy & Secure to e-Verify your Return via :



Due Date for Filing the return :

- The due date of filing of return of income in case of individuals / HUF is 31st of July.



Penalties for non-filing an income tax return from FY 2017-18?



- Penalty of Rs. 5,000 is applicable if Return for FY 2017-18 is filed after due date (31st July 2018) but by 31st December 2018.
- Penalty of Rs. 10,000 is applicable if Return for FY 2017-18 is filed after 31st December 2018 but by 31st March 2019.

Note: Penalty is limited to Rs 1,000 for those with income up to Rs 5 lakhs.

Income Sources and available Deductions



Salary

Income : Income from Employer
Deductions : HRA, Medical reimbursement, LTA, Conveyance allowance, etc.,

House Property

Income : Gain or loss from property owned
Deductions : Standard deduction of 30% and interest on loan for buying / construction of property



Capital Gains

Income : Profit / Loss from Sale of Capital Assets (Property, Jewellery, Shares, MFs)
Deductions : Depends on assets, holding period, cost of indexation, carried forward losses and investments in specified options



Other

Income : Any income, other than the above
Tax Free : Dividends upto Rs.10 lakhs /SB Interest upto Rs.10,000
Gifts from Relatives, Interest from NRE accounts, PPF account etc.

Components of Salary



Fully Taxable

- Basic Salary
- Dearness Allowance (DA)
- Special Allowance
- Bonus
- Arrears
- Food Allowance

Partially Taxable

- Medical Reimbursement up to Rs.15,000 per year is exempted.
- Transport Allowance up to Rs.1,600 per month is exempted.
- Leave Travel Allowance (LTA)
- House Rent Allowance (HRA)



Tax Free

- Newspaper / Journal Allowance - amount up to Rs.12,000/- p.a.
- Telephone / Mobile allowance for office use
- Meal Coupons up to Rs.2,200 per month.

Deductions Available

Section 80C

Investments /
Tuition Fees /
Housing Loan principal

Limit: Rs.1.50 lakhs

Section 80CCD (1B)

National Pension
System

(Over & above 80 C Limit)

Additional Limit: Rs. 50,000

Section 80D

Medical
Insurance
Premium

Limit: Rs. 25,000 / Rs. 30,000

Section 80E

Educational
Loan Interest

Limit: No Limit

Section 80G

Donation

Limit: 10% of Gross Total Income

Section 80GG

Rent Paid

Limit: Rs. 5,000 per month

Section 80TTA

Interest from
Savings Bank a/c

Limit: Rs.10,000

Section 24

Interest on
Home Loan

Limit : Rs.2,00,000

Section 80EE

Interest on Home Loan

(1) Value of the property purchased is less than Rs. 50 Lakhs and loan taken is less than Rs. 35 Lakhs. (2) The loan should be sanctioned between 1st April 2016 and 31st March 2017.

Additional deduction up to Rs.50,000

Rebate & Exemptions

Section 87A

Tax Rebate
if the total income
is less than Rs.3.5 lacs

Limit: Rs. 2,500

Section 10 (38)

Long term capital gains
exempted from tax
in respect of STT paid
equity shares / MF units

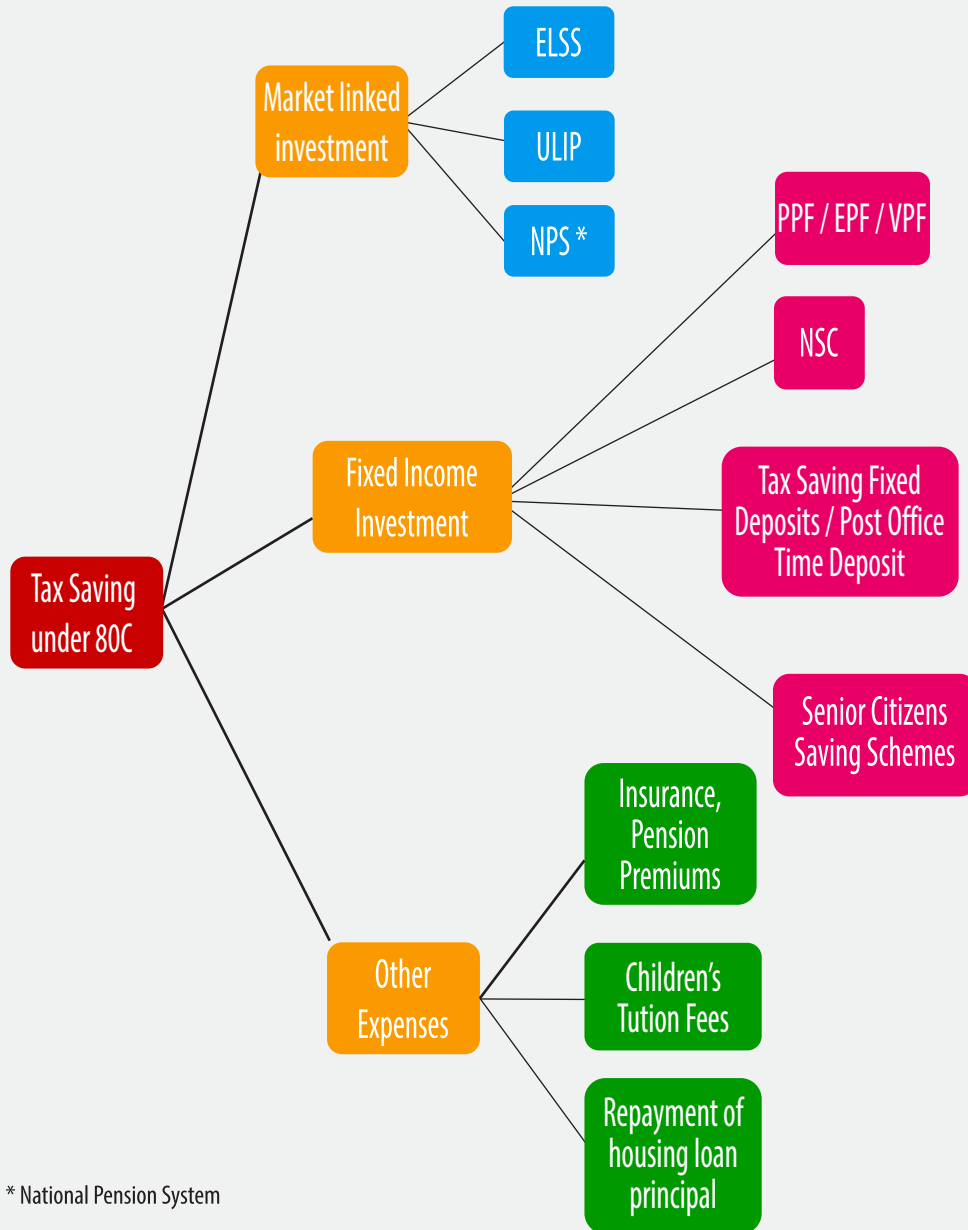
Section 10 (34)

Dividend Income
exempted

Limit: Rs.10 lacs

80C - Tax Saving Options

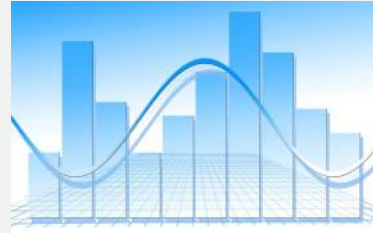
Section 80 C of Income Tax Act, allows deduction of investment or spending from income tax. But here's how you can maximise your savings by making some common investments.



* National Pension System

80C - Tax Saving Options

Mutual Fund Equity Linked Savings Scheme (MF ELSS): This has lowest lock-in period of 3 years. In case of a monthly SIP, each installment has a 3-year lock-in.



Unit Linked Insurance Plans (ULIPs): ULIPs are market linked investments offered by insurance companies; lock-in period of 5 years and gains post lock-in are tax free.

National Pension System (NPS): Investments of up to ₹1.5 lakh can be claimed for tax deduction in a financial year. Besides, an additional deduction of up to ₹50,000 can be claimed under Section 80CCD(1B).



Employee Provident Fund: This is your contribution towards provident fund that gets deducted from your salary. Contributions towards Voluntary Provident Fund can also be considered for deduction.

Public Provident Fund: This investment has one of the longest tenures of 15 years with further extension of 5 years allowed each time. The interest rates are linked to that of government securities.

National Savings Certificate (NSC): Investments in NSC can be claimed as deduction.

Bank Fixed Deposits: Fixed deposits of 5 years with a scheduled bank are eligible for deduction.

Senior Citizen Savings Scheme (SCSS): Investments in SCSS can also be claimed as deduction.

Life Insurance Premium: You can claim this deduction when you pay the life insurance premium for yourself, your spouse or your children.

Tuition Fees: If you have paid tuition fees towards full-time education of your children, you can claim deduction for up to two children.



Home loan principal repayment: Repayment of principal amount towards a housing loan can be considered.

Product	Tenure years	Minimum Investment	Current Returns	Tax Implication on returns
PPF	15 years	₹500	7.8% (revised once in quarter)	Tax free
NSC	5 years	₹100	7.8%	Interest accrued is taxed every year as per slab
Bank FD	5 years	₹1,000	6.75% -7%	Same as NSC
ULIPs	5 years	₹10,000	Market linked	Capital gains post lock-in are tax free
ELSS	3 years	₹500	15 - 20%*	Capital gains are tax free

* as on 10th July, 2017

What is Form 26AS?

Form 26AS is also known as annual statement which contains all tax related information of a taxpayer. The details give a clearer picture of the tax commitments of a taxpayer. It is associated with PAN.

The form also contains details of

- Tax Deducted at Source (TDS)
- Tax Collected at Source (TCS)
- Details of Advance Tax, along with Refunds and
- High value transactions done by the taxpayer.

What is Form 16?

Form 16 is an important document that contains details of salary income received, quantum of deduction the employee has availed of and how much of tax has been deducted by the employer during the financial year. The employer is has to issue Form 16 to the employees showing the total TDS on income if he deducts tax in a financial year according section 203 of Income Tax Act.

What is Form 16A?

Form 16A is also a TDS Certificate. Form 16 is for salary income, whereas Form 16A is applicable for TDS on Income Other than Salary. Banks issue a Form 16A when TDS is deducted by them on interest earned by you in fixed deposits. If you are a freelancer, your clients will issue you form 16A if they have made TDS deductions from payments they make to you. Form 16A is also issued for TDS deductions on insurance commission paid. This certificate also has details of name & address of deductor/deductee, PAN/TAN details, and details of TDS deducted & deposited. The income on which TDS is deducted is also specified.



Tax implications on:

Equity Shares : Dividend up to Rs. 10 lakh a year is tax-free and above that is taxable @ 10%. On sale LTCG is Nil and STCG is 15%.

Equity Mutual Funds : Any income is tax-free and on sale LTCG is Nil and STCG is 15%.

Debt Mutual Funds : Any income is tax-free and on sale LTCG is 20% with indexation and STCG is according to the tax slab.

Tax-free Bonds : Interest from notified tax-free bonds is exempt from tax. LTCG is 10% without indexation and STCG is taxable at slab rate.

Debentures : Debenture interest is taxable unless notified. LTCG is 10% without indexation and STCG is taxable at slab rate.

LTCG: Long term Capital Gains / STCG : Short term Capital Gains

Due dates for Advance Tax Payments

There is no need for payment of advance tax for a senior citizen who does not have income from business / profession.

15% of estimated tax to be paid by **June 15, 2017**

45% of estimated tax to be paid by **Sep 15, 2017**

75% of estimated tax to be paid by **Dec 15, 2017**

100% of estimated tax to be paid by **Mar 15, 2018**

Advance taxes and final tax can be paid at authorized bank branches and remember that all taxpayers have to file their ITR.

Documents to be kept ready for IT filing

- **Form 16 / Form 16A**
- **Form 26 AS**
- **Housing Loan Interest Certificate**
- **Donation Receipts**
- **Photocopy of PAN**
- **Photocopy of Aadhaar**
- **Challan copy of Tax paid**



ITR filing can be done through us

This book is published for the general information of clients. It provides only an overview of the regulations in force at the date of publication and no action should be taken without consulting the detailed legislation or seeking professional advice. We have taken every effort to ensure that the contents of the book are accurate when going to press. However, the accuracy of the contents cannot be guaranteed.

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TO SUMMERIZE- WHAT WE DO IN WEALTH MANAGEMENT SERVICES?

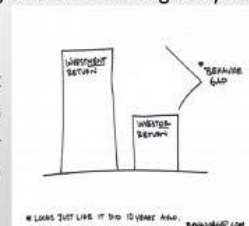
1) We carry out all the transactions that are required to **bring you to the model portfolio**. This include:

- Shifting/Redeeming & Reinvesting the investments in the desired schemes.
- Looking & ascertaining the Taxation while exiting an old investment.
- Exiting out of schemes/investments which are bad and not required.
- Getting the C-KYC & other formalities registration.
- Subscribing to new schemes/SIPs as recommended in the plan.
- Helping to create corpus as advised like Emergency Fund etc.

2) Once the portfolio is constructed, our **day-to-day research keeps you updated** on what is going on in the investment scenario. We keep interacting you on new opportunities, your requirements.

3) We contact and carry out the Half Yearly Review. Not much change happens during 6 months but it gives you idea and reasoning that your portfolio is headed in right direction.

4) **Behavioral Coaching:** There is a **GAP** between what market gives and what investor earns. Investor loses his focus very quickly when he gets information on good or bad events. And, this is bound to happen when investments are for long 15-20 or more years. We constantly coach you to **BRIDGE this gap** with regular inputs, regular corrections in views & do not let you drift away from your actual goals.



5) **Taxation/Mandatory requirement:** We provide all reports/information regarding your investment. We liaise with your CA in case it is required. We can also provide file returns when

6) **Year-end Review & Portfolio Rebalancing:** Your asset allocation is 90% plus responsible for your goal fulfillment and reducing risk. We make sure that we do it constantly, at the right time without emotional bias

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