UNION BUDGET – 2015-16

Allocation & Revenue – Government Earning and Expense

- The Plan Expenditure for 2014-15 was revised from ₹5,75,000 crore to ₹4,67,934 crore due to a large deficit.
- The Plan Expenditure for 2015-16 was set at ₹4,65,277 crore.
- The Non-Plan Expenditure was estimated at ₹13,12,200 crore, with the total being estimated at ₹17,77,477 crore.
- The government expects ₹4,65,277 crore as tax receipts, of which ₹5,23,958 crore will go to state governments.
- Non-tax receipts were estimated at ₹2,21,733 crore for 2015-16.
- The **defence budget** was **increased** from **₹2.29 lakh crore** in **2014-15** to **₹2.46 lakh crore** in **2015-16**, an increase of **10.95%**.
- The expenditure on healthcare was set at ₹33,152 crore for 2015-16, a reduction from ₹39,238 crore in 2014-15.
- Tax-free infrastructure bonds were re-introduced after a gap of one year.
- The **fiscal deficit** for **2014-15** was **4.1%** of the GDP. The target set for 2015-16 was that the fiscal deficit would be brought down to 3.9%.
- The **revenue deficit target** for 2015-16 was set at **2.8% of the GDP**, **0.1% lower** from 2014-15.

Service Tax – Raised from 12.36 to 14%

__Service__ tax is a tax levied by the government on service providers on certain service transactions, but is actually borne by the customers.

- The **service tax rate** was **raised** from **12.36% to 14%**.
- A **Swachh Bharat cess** was announced, under which **2% will be added on select services**.
- The **service tax exemption** given to **mutual fund agents** was **withdrawn**.
- **Varishta Bima Yojana** for senior citizens was exempt from service tax.
- **Lottery ticket sellers** and **chit fund agents** were brought under **the ambit** of **service tax**.

On Activities & Goods

- Pre-cooling, ripening, retail packing and labelling of vegetables and fruits were **exempted from service tax**.
- Ambulance services were **exempted** from **service tax**.
- Visits to music concerts, amusement and theme parks were brought under the ambit of **service tax**.
- Visits to museums, zoos, national parks, wildlife sanctuaries and tiger reserves were **exempted service tax**.

Downloaded from www.exampundit.in

Income Tax – How much do we need to Pay after Earning

- **There was no change in income tax slabs of individuals.**
- **The wealth tax was abolished.**
- The surcharge on individuals, **Hindu Undivided Families** (HUF), associations of persons (AOPs), bodies of individuals (BOI)s, artificial juridical persons, firms, cooperative societies and local authorities having income earning **₹1 crore or more, was raised from 10% to 12%**.
- The permitted deduction limit was raised up to **₹25,000** towards **health insurance** for ordinary citizens, an increase from previous ₹15,000.
- For **senior citizens**, it was raised to **₹30,000** from **previous ₹20,000**.
- A deduction up to **₹80,000** was allowed on the treatment of select very **serious diseases** for **very senior citizens**.
- A deduction up to ₹25,000 was allowed for **differently-abled citizens**.
- An additional **₹50,000** was permitted on the new pension scheme. Salaried employees were given the choice between Employees' Provident Fund and National Pension Scheme as their pension fund.
- **Investments** in **Sukanya Samriddhi Scheme** and interest payouts were made eligible for deductions.
- **Exemptions** for transport allowances was raised from **₹800** to **₹1,600** per month, it is thus **₹19,200** per year. This exemption is usually given to **individual salaried employees** for commuting from home to workplace.
- It was announced that **premature withdrawal** from **pension funds**, if service period is less than 5 **years**, will result in deduction of tax at source. If withdrawal amount is more than **₹30,000** then **10% tax will be deducted**.

Income Tax Slab

Up to ₹250,000	**NIL**
₹250,001 to ₹500,000	**10%**
₹500,001 to ₹1,000,000	**20%**
₹1,000,001	**30% Above**

EXAMPUNDIT
Achieve.Inspire.Repeat

Corporate Tax – The Big Shots will Pay

- It was announced that **corporate tax rate** will be **gradually reduced** from **30%** to **25%** over the period of **4 years**, starting in April 2016.
- **2% surcharge** was introduced on **earnings above 10 crores**.
- It was announced that donations made to **Swachh Bharat Abhiyan** and **Clean Ganga plan** under **corporate social responsibility** will get **100% deduction**.
- The **General Anti-Avoidance Rule** was **delayed** by **two years**.
- **Yoga trusts** were classified as **charitable trusts** and given **tax benefits**.

Economic Reforms

- A proposed **Benami Transactions** (**Prohibition**) **Bill**, which would **criminalise cash transactions** of **₹20,000** or above for purchase of **immovable properties**, was announced.
- **Permanent Account Number** (**PAN**) was made **mandatory** for transactions **above ₹1 lakh**.
- A **gold coin** with the **Ashoka Chakra** on the face will be created.
- The **SARFAESI Act** will be **expanded** to cover **non-banking financial institutions** (NBFC) which will make it easier for them to **recover non-performing assets** (**NPA**).
- The states of **Bihar** and **West Bengal** were given **special assistance packages** from the centre.
- A startup incubator programme called **Self Employment** and **Talent Utilisation** (**SETU**) was announced. It was allocated **₹1,000** crore.
- Salaried employees were given the choice between Employees' Provident Fund and National Pension Scheme as their pension fund.
- Two new insurance schemes and a pension fund were announced to improve the social security of the poor citizens.
- **Pradhan Mantri Suraksha Bima Yojana** with an annual premium of **₹12** will provide a coverage of **₹2 lakh** for full **disability** or **death**, and 1 lakh for **partial disability**.
- **Pradhan Mantri Jeevan Jyoti Bima Yojana** is a life insurance scheme with an annual premium of **₹330**, it will pay ₹2 lakh is case of death.
- **Atal Pension Yojana** is a pension scheme targeted at the **unorganised sector**.

EXAMPUNDIT
Aspire Inspire Repeat

Educational Investments & Announcements

- A scheme called **Nayi Manzil** was announced which will help minority youth without school-leaving certificate to find employment.
- Five new **All India Institutes of Medical Sciences** (**AIIMS**) were announced for **Jammu and Kashmir**, **Punjab**, **Tamil Nadu**, **Himachal Pradesh** and **Assam**.
- An **Indian Institute of Technology** (**IIT**) will set up in **Karnataka** and the **Indian School** of **Mines**, **Dhanbad** will be **upgraded** to an **IIT**.
- Two new **Indian Institute of Management** (**IIM**) announced for **Jammu** and **Kashmir** and **Andhra Pradesh**.
- A new **Post Graduate Institute** of **Horticulture Research** and **Education** was announced for **Amritsar**.
- Three new **National Institutes** of **Pharmaceutical Education** and **Research** were announced for **Maharashtra**, **Rajasthan** and **Chhattisgarh**.
- Two new **Institutes** of **Science** and **Education Research** were announced for **Nagaland** and **Odisha**.

- Two new institutes called **Apprenticeship Training Institute** for **Women** were announced for **Haryana** and **Uttarakhand**.
- A networked system called the **Student Financial Aid Authority** was announced which would monitor the allocation of scholarships and educational loans under the **Pradhan Mantri Vidya Lakshmi Karyakram**.
- The **education budget** was allocated **₹69,074** crore for the year **2015-16**. This was a reduction from the revised estimates from 2014-15 which was ₹70,505 crore.
- The school education sector was allocated ₹42,219.50 crore and higher education sector was allocated ₹26,855 crore.

Excise and Customs – How things got cheap/costly

- The **education cess** were **subsumed** from central excise duty. Instead, the **central excise duty rates** were **rounded off from 12.36% to 12.5%**.
- The **clean energy cess** was increased from **₹100** to **₹200** per **tonne of coal**.
- It was announced that the **Goods** and **Services Tax** is **expected** to be implemented by **1 April 2016**.
- The excise duty on **cigarettes** was **increased** by **25**%.
- The excise on cut **tobacco** was **raised** from **₹60** to **₹70** per kg.
- The duty on **plastic bags** was **increased** from **12**% to **18**%.
- The duty on **soft drinks** and **packaged water** was **increased** from **12**% to **18**%.
- On **cement**, it **increased** from **₹900** per **tonne** to ₹1,**000** per **tonne**.
- The duty was **removed** from **compounds used** in the **manufacture** of **incense sticks**.
- Excise duty on **leather footwear** was **reduced** from **12**% to **6**%.
- The **duty** on **locally manufactured mobile phones**, **LED/LCD panels**, **LED lights** and **lamps** was **reduced**.
- The **duty** on **ambulance chassis reduced** from **24**% to **12.5**%.
- 22 components used in electronics sector were exempted from import duty.
- Basic custom duty on **magnetrons** were **removed**.
- Import duty on various **refrigerator components** were **removed**.
- Import duty on **solar water heaters** was **removed**.
- Some **pacemaker components** were exempted.
- Duty on **imported commercial vehicle** was **increased** from **10**% to **40**%.

EXAMPUNDIT
Achieve.Inspire.Repeat