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Every year, the Budget announcement raises expectations of the common man and they hope for more tax savings and a reduction in their household expenditure. More often than not, the Union Budget is less likely to change that, and they are much better off managing their own income, expenses and investment strategy, his time is no different. So let's focus on what the Budget means for you.

#### Will I pay lower taxes?

There have been no major changes in the tax slabs for salaried individuals. A few changes are noted. If you or anyone in your family has an income of Rs 5 lakh or lower, then you have a some reason to cheer. This Budget has increased the tax rebate from Rs 2,000 to Rs 5,000 under Section 87A. This means you save Rs 3,000 in taxes this year.

If you do not own a home and are living on rent, and are not receiving HRA (house rent allowance) as a part of your salary, you will now get a deduction of Rs 60,000 (from Rs 24,000 earlier) in respect of rent paid per annum, thereby saving you additional taxes depending on your tax slab.

If you are a first-time buyer of a home, and are taking a loan up to Rs 35 lakh, (provided the value of the house does not exceed Rs 50 lakh), the additional interest deduction up to Rs 50,000 will be allowed till repayment or till the loan continues.

# BREAKING DOWN THE IMPACT ON DAILY LIFE

If you are an entrepreneur with turnover below Rs 1 crore, you don't need to maintain your accounts and could pay tax as per presumptive taxation scheme assuming 8 per cent of turnover as income. This turnover limit has now been enhanced to up to Rs 2 crore. This means that the huge task of administration of accounts for you as a business owner is not necessary thereby saving time and money for you. If you are a professional with income over Rs 50 lakh, under presumptive taxation you could choose to pay tax on the basis of 50 per cent of income being considered as profits. On the other hand, if you or anyone in your family earns an income above Rs 1 crore you would be taxed more, as surcharge on this income has increased from 12 per cent to 15 per cent now.

#### Will prices go down?

The government has been trying by way of the monetary policy to control inflation. The CPI (inflation that consumers face) has already come down from 9.4 per cent during the last three years to around 5.4 per cent now.

Going forward the government is targeting inflation to be at 5 per cent in 2017, which means that you can expect prices to be stable in the coming years.

#### Will my investments make good returns?

The Budget proposes a lot of investments in infrastructure — i.e. roads, ports, railways, airports. Capital expenditure on roads and railways is planned at Rs 2,18,000 crore. What this means is that investors would get an opportunity to participate in the India infrastructure growth story via bonds of infrastructure institutions such as NHAI, PFC, REC, IREDA, NABARD.

For NPS investors, there is reason to be happy. Withdrawal up to 40 per cent of NPS corpus at retirement will be tax exempt. Similarly, in case of superannuation funds, recognised PFs, including EPF, the same 40 per cent of corpus will be tax free (in respect of corpus created out of contributions made after 1.4.2016.)

Overall for existing investors in both equity and debt, there may be reason to cheer as there have been no changes to the capital gains taxes.

