



GES Alert

Harmonizing global & local perspectives

Key personal tax changes in amended Finance Bill, 2015

Issue no: **GES/14/2015**

In this issue:

Background
Key changes
Comments
Upcoming Dbriefs - Register
Contacts

Background

The Government on 30 April 2015 tabled the amendment to the Finance Bill, 2015 proposals 'amended bill' in the lower house of Parliament for approval. The same has been passed along with 41 amendments.

This alert captures certain noteworthy amendments from an individual tax perspective.

Key changes

Deduction for contribution to notified pension scheme¹

- Currently, deduction is allowed for contribution to notified pension scheme of Central Government upto 10% of Salary or 10% of Gross total income, which was limited to INR 100,000.
- The Finance Bill, 2015 proposed to enhance limits for annual deduction in respect of the notified pension scheme from INR 100,000 to INR 150,000. Further, an additional deduction of INR 50,000 for contribution to notified pension scheme was proposed.
- There was ambiguity on whether the additional deduction proposed in the bill would be applicable only if entire investment of INR 200,000 is made in the notified pension scheme.
- As per amended bill, the tax payer is eligible for additional deduction of INR 50,000 even if INR 150,000 is not invested in notified pension scheme but in other prescribed avenues.

Deduction for Health Insurance Premium

- Currently, deduction upto INR 15,000 is allowed for health insurance premium paid for self and family and an additional INR 15,000 is allowed for health insurance premium for parents.
- As per Finance Minister's speech, it was proposed to increase the limit of INR 15,000 to INR 25,000. It was further proposed to increase the limit of such deduction for senior citizens from INR 20,000 to INR 30,000.
- The Finance Bill, 2015 (as presented originally) omitted reference to the enhanced deduction of INR 25,000 in the relevant section of the Income-tax Act, 1961.

¹ Currently the only notified pension scheme is National Pension Scheme (NPS)

- To address the above, an amendment is proposed to increase the existing deduction of INR 15,000 to INR 25,000 in line with the Finance Minister's speech.

Mandatory filing of return if tax payer has foreign assets

- Currently, a resident and ordinarily resident, is mandatorily required to file the tax return even if total income does not exceed the maximum amount not chargeable to tax if he has any asset (including any financial interest in any entity) located outside India or signing authority in an account outside India
- As per the amended bill, it has been proposed that a resident and ordinarily resident, is mandatorily required to file the tax return if he:
 - holds, as a beneficial owner or otherwise, any asset (including financial interest in any entity) located outside India or has signing authority in any account located outside India; or
 - is a beneficiary of any asset (including any financial interest in any entity) located outside India.
- The terms 'beneficial owner'² and 'beneficiary'³ are now defined in the amended bill. While these definitions are similar to those mentioned in the instructions to recently notified Income tax return forms (applicable to Financial Year 2014-15), this amendment will be effective from 1 April 2016 i.e. Financial Year 2015-16.
- Filing of return will not be mandatory for a beneficiary of any asset (including any financial interest in any entity) located outside India, if income arising from such an asset is includible in the income of the beneficial owner of such an asset.

² "Beneficial owner" in respect of an asset means an individual who has provided, directly or indirectly, consideration for the asset for the immediate or future benefit, direct or indirect, of himself or any other person.

³ "Beneficiary" in respect of an asset means an individual who derives benefit from the asset during the previous year and the consideration for such asset has been provided by any person other than such beneficiary.

Comments

Given the ambiguities in interpretation of the amendments proposed in Finance Bill, 2015, the above changes would bring in more clarity to the individual tax payers.

The requirement of filing tax return by beneficial owner and beneficiary of any asset located outside India is aligned with the recently notified income tax return forms.

The amended Bill would be enacted as law after it is passed by the upper house of Parliament and after receiving the President's assent.

Source: <http://www.taxmann.com>

Upcoming Dbriefs - Register

Changing Landscape for Financial Service Industry (FSI) Treasury: Liquidity, Funds Transfer Pricing (FTP), and BEPS.

Tuesday, 19 May, 11:30 AM – 12:30 PM IST

The FSI treasury requirements have been changing rapidly since the financial crisis and the pronouncement of Basel III. Where is it all headed in Asia Pacific and what are the implications to be aware of in the region?

Gain insights into these developments across Asia Pacific and discover how they impact the financial services firms. For more information, visit the [Dbriefs](#) page.



[Register now](#)

Contacts

Ahmedabad

Heritage, 3rd Floor,
Near Gujarat Vidyapith,
Off Ashram Road,
Ahmedabad – 380 014.
Tel: + 91 (079) 2758 2542
Fax: + 91 (079) 2758 2551

Coimbatore

Shanmugha Manram
41, Race Course,
Coimbatore
Tamil Nadu - 641018
Tel: + 91 (0422) 439 2801
Fax: +91 (0422) 222 3615

Kolkata

Bengal Intelligent Park Building Alpha,
1st floor, Block EP and GP Sector V,
Salt Lake Electronics Complex,
Kolkata - 700 091.
Tel : + 91 (033) 6612 1000
Fax : + 91 (033) 6612 1001

Bangalore

Deloitte Centre, Anchorage II,
100/2, Richmond Road,
Bangalore 560 025.
Tel: +91 (080) 6627 6000
Fax: +91 (080) 6627 6010

Delhi/Gurgaon

Building 10,
Tower B, 7th Floor,
DLF Cyber City,
Gurgaon 122 002
Tel : +91 (0124) 679 2000
Fax : + 91 (0124) 679 2012

Mumbai

Indiabulls Finance Centre,
Tower 3, 28th Floor,
Elphinstone Mill Compound,
Senapati Bapat Marg, Elphinstone (W),
Mumbai – 400013
Tel: + 91 (022) 6185 4000
Fax: + 91 (022) 6185 4101

Chennai

No.52, Venkatanarayana Road,
7th Floor, ASV N Ramana Tower,
T-Nagar,
Chennai 600 017.
Tel: +91 (044) 6688 5000
Fax: +91 (044) 6688 5050

Hyderabad

1-8-384 and 385, 3rd Floor,
Gowra Grand S.P.Road,
Begumpet,
Secunderabad – 500 003.
Tel: +91 (040) 6603 2600
Fax: +91 (040) 6603 2714

Pune

106, B-Wing, 7th Floor,
ICC Trade Tower,
Senapati Bapat Road,
Pune – 411 016.
Tel: + 91 (020) 6624 4600
Fax: +91 (020) 6624 4605

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material and the information contained herein prepared by Deloitte Touche Tohmatsu India Private Limited (DTTIPL) is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). This material contains information sourced from third party sites (external sites). DTTIPL is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such external sites. None of DTTIPL, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this material, rendering professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this material.

©2015 Deloitte Touche Tohmatsu India Private Limited. Member of Deloitte Touche Tohmatsu Limited

[Home](#) | [Add Deloitte as a safe sender](#)

Follow us on:

