



## Finance Minister announces changes to the direct tax amendments brought in the Finance Bill, 2012

Summary of the key direct tax changes announced by the Finance Minister on 7 May 2012 before the lower house of Parliament which has passed the Finance Bill, 2012 on 8 May 2012. The Finance Bill, 2012 will now be before the upper house of the Parliament for approval and then will be sent to the President for her assent.

Key changes introduced include:

- General Anti-Avoidance Rules (GAAR) provisions to come into effect from the financial year 2013-2014
- Tax rate on long term capital gains (LTCG) arising to non-residents on transfer of unlisted securities reduced to 10%
- Tax treatment on sale of unlisted equity shares under an Initial Public Offer (IPO) brought at par with sale of listed equity shares
- Special provisions permitting tax neutral conversion of Indian branch of a foreign bank into a subsidiary company
- Withholding tax in respect of interest on overseas borrowings reduced to 20% for all Indian companies
- Increase in threshold limit for tax collected at source (TCS) on cash purchases of jewellery
- Mandatory return filing for residents having assets abroad not to apply to person "not ordinarily resident in India"
- Deduction upto Rs 25,000 announced in respect of investment made under an equity savings scheme

Please click [here](#) to download a copy of the detailed analysis.



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