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Union Budget 2016: Rent rebate limit made Rs 60,000

Mar 01, 2016 | Age Correspondent | New Delhi

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The Budget should bring relief to people who live on rent and don't own a house. Finance minister Arun Jaitley on Monday increased the tax deduction limit to Rs 60,000 per annum from the current Rs 24,000 on the housing rent.

"The people who do not have any house of their own and also do not get any house rent allowance from any employer today get a deduction of Rs 24,000 per annum from their income to compensate them for the rent they pay. I propose to increase the limit of deduction in respect of rent paid under Section 80GG from Rs 24,000 per annum to Rs 60,000 per annum, which should provide relief to those who live in rented houses," said Mr Jaitley.

Surendra Hiranandani, chairman and MD, House of Hiranandani, said the increase is a welcome move and will give the much needed push to rental housing across major cities in India. "It could also boost demand in the long run," he said.

As there has been increase in rent in cities in recent years there was a need felt to increase the tax benefit for those living on rent.

Mr Jaitley also proposed to extend the presumptive taxation scheme with profit deemed to be 50 per cent, to professionals with gross receipts up to Rs 50 lakh. He also announced to increase security transaction tax in case of 'options' from 0.017 to 0.05 per cent.

Stressing on simplification and rationalisation of taxation, the Finance Minister said that 13 cesses, levied by various Ministries in which revenue collection is less than Rs 50 crore, will be abolished. For non residents, providing alternative documents to PAN Card will be allowed and TDS provisions for Income Tax will be rationalised, he said.