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Jayant R. Pai, Vice President and Certified Financial Planner, Parag Parikh Financial Advisory Services
 28 Feb- 17:30hrs

Upcoming Chat

Q. Tax planning

Tax planning advise to investors

Chat Transcript :

777.com : hello sir, the IT slab raise to 1.8 lk . r u happy with this. ur input plz. thks

Jayant R. Pai : It was in line with expectations, although some were hoping that it would be raised to Rs. 2 lakhs.

pavansan7 : Hi sir if any person have singal source of incom from salary need ti file ITR?

Jayant R. Pai : Even if your employer deducts TDS it is preferable to file your ITR as long as your income exceeds the basic exemption limit. The ITR will be useful to you for several other purposes.

pavansan7 : what will impact on aviation industries after increase the service tax.

Jayant R. Pai : The hike in service tax is for the business and first class and not the economy class. I do not think the passengers in those two classes will reduce their flying due to this levy. Airlines will pass on the hike to them...

pavansan7 : how you will rate this budget in term of taxaion out of 10?

Jayant R. Pai : 6 out of 10.

yogesh.dhakras : which instrument u suggest for Tax I E ELSS, PPF. NSC for long term for year 11-12

Jayant R. Pai : There is no change in the list of eligible instruments for the upcoming year. Hence you should look at your risk appetite and financial goals and choose the instrument. I prefer ELSS and PPF as long-term choices based on whether you want to invest in equity or debt.

777.com : IT return filing for salaried class to simplified.... ur take on this...

Jayant R. Pai : There is a proposal to exempt certain class or classes of persons from furnishing the return of Income. Salaried employees with only salary income could fall under this category. The relevant notification in this regard will be issued soon. This is a good development if institutions such as housing finance companies, banks etc. treat the Form 16 as a good proxy for the ITR. Otherwise I suggest you file the ITR even if you fall under the exempt category.

Lokesh04 : Hi Sir, Is there is any advantage for house loan in this budget ?

Jayant R. Pai : NO. There is no additional benefit either on housing loan principal repayment or interest proposed in this Budget.

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What's your opinion?

Do you think markets will move further down as DMK broke alliance with UPA?

- Yes
 No
 Can't Say

SUBMIT

rnmp_111 : What do you suggest? Saving a tax is good or paying a tax is good. For saving a tax of Rs 10000 or 20000, we invest Rs 1 lakh for nearly 20 years or more but we paid tax Rs 10000 or 20K in total and rest of the amount with us nearly Rs 80-90000.

Jayant R. Pai : Tax saving should never take precedence over your financial goals. First choose your investment instrument and then try to integrate tax saving into it. For instance if you decided to invest in equity mutual funds you could choose a good ELSS fund as both your objectives could be met. However, locking yourself into a ULIP with a 20 year maturity when there are other better/lower cost investment (ELSS/Post Office Monthly Income Scheme/ PPF) and insurance avenues (term insurance) available is certainly not advisable. In case you prefer to pay your tax you should ensure that you do not fritter away the balance money but use it judiciously.

rnmp_111 : The Budget did not mention much on 80CCF tax benefits. What do you have to say on this?

Jayant R. Pai : The tax benefit of Rs. 20000 u/s 80CCF has been extended for one more year.

mumbai.com : What is your take on on the capital infusion of Rs 20,000 crore in PSU banks?

Jayant R. Pai : This is part of the annual recapitalisation undertaken by the Government so that the weak banks comply with the Basel II (and soon Basel III) norms. It is good for those banks which will get this benefit.

pavansan7 : Sir if hasband & wife both working how income will calculate?

Jayant R. Pai : Both the incomes will be assessed separately. Both will get exemption as per the basic exemption limit prevailing. They can claim joint benefit on housing loan repayment in the proportion that the loan is being repaid by them.

crawler.man : Dear Sir, I have loss of 1lakhs in Indian share market. My capital gain after selling ESOP on newyork stock exchange is around 2laks. But My employer has already deducted tax of around 60000. 1)Can I setoff my capital loss against capital gain of ESOP2)what kind of capital loss proff I should asked from my broker

Jayant R. Pai : The capital gain on the sale in New York will be taxed @ 20% u/s 112A. No indexation benefit can be availed. In case of any excess TDS deduction you may claim a refund. You may avail of any benefit available under the Double taxation Avoidance Agreement between India and the USA in case some tax has been deducted in the USA. It is advisable that you do not purchase losses from your broker as you may get into trouble if it is discovered that the losses are not genuine. Only genuine losses can be offset. However, I guess you consult your tax advisor too for further clarity.

mumbai.com : The FM announced that the Direct Tax Code would be effective from April 2012. How would this be different from the Income Tax act?

Jayant R. Pai : For individuals there is a change in the computation of short term capital gains on equity shares, taxation of debt mutual funds, list of eligible instruments available for tax benefit u/s 66 (currently Section 80C)etc. Also the eligible amounts for basic exemption and tax related investments may undergo a change. Right now this Code is at the consultative stage.

mumbai.com : The tax exemptions for an individual has increased for 160000 to 180000 does that imply that the owman exemption limit would be hiked to 210000 from its earlier 190000

Jayant R. Pai : Unfortunately there is no change in the basic exemption limit for women below the age of 60. It remains at Rs. 1,90,000. WOMen above the age of 60 can avail a basic exemption limit of Rs. 2,50,000.

mumbai.com : Is it true that a salaried person would not have to file tax returns any longer?

Jayant R. Pai : There is a proposal to exempt certain class or classes of persons from furnishing the return of Income. Salaried employees with only salary income could fall under this category. The relevant notification in this regard will be issued soon. This is a good development if institutions such as housing finance companies, banks etc. treat the Form 16 as a good proxy for the ITR. Otherwise I suggest you file the ITR even if you fall under the exempt category.

sankarumas : it is stated that persons with only salary income need not file return. how about persons with income/loss in house property which is also taken by the employers for TDS?

Jayant R. Pai : While no specific mention is made regarding the status of such assesseees I feel that it is preferable to file the ITR if no clarification is forthcoming from the Income Tax Department.

rp1981 : Do you think, banks and housing finance companies can benefit from this budget?

Jayant R. Pai : Some positive provisions for banks and housing finance companies include : Existing scheme of interest subvention of

Jayant R. Pai : Some positive provisions for banks and housing finance companies include : Existing scheme of interest subvention of 1 per cent on housing loan further liberalised. Existing housing loan limit enhanced to Rs.25 lakh for dwelling units under priority sector lending. Provision under Rural Housing Fund enhanced to Rs. 3,000 crore.

crawler.man : thanks sir, losses are genuine. I never wanted to disclose amount. They are from stock options trading. Burnt my hands on it. WHAT Proof I should asked from my broker stock options losses?

Jayant R. Pai : No specific unique proof is required. The contract notes should suffice.

maneramesh : Dear Sir, can you details on International CFA? How many attempts we can have for one time fee? Is there any scholarships in India for giving CFA. I am ready for any kind of bond for offering me CFA exam fee.

Jayant R. Pai : Hello. Thank you for regularly reading our newsletters and articles. Unfortunately this is not the platform to elaborate upon your question. Please communicate with me on jayant@ppfas.com

maneramesh : Dear Sir, I am your regular reader at PPFAS

Jayant R. Pai : Thanks for reading...

arpankothari : Suggest a Debt fund for SIP of 10 years and more.

Jayant R. Pai : In case you do not want to withdraw at all before ten years then "Templeton Government Securities Fund" is a good one. However, it is prone to volatility in the interim as it invests only in long dated securities. A couple of other good funds are Birla Sun Life GSF Long Term and JM G Sec Regular Plan.

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