



# BUDGET 2019 HIGHLIGHTS

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## **TAX RELATED PROPOSALS**

# DIRECT TAX PROPOSALS

A First Indian Woman Finance Minister Nirmala Sitharaman has presented her maiden Budget in the parliament on 5<sup>th</sup> July 2019 and proposed the below:

1. No Change in the Individual Slab Rate.
2. Increased surcharge rate to 25% for Individual/HUF/BOI/AJP having net taxable income slab between ₹ 2 Crore and ₹ 5 Crore and increased to 37% with net taxable income of more than ₹ 5 Crore from existing surcharge rate of 15% which results in increasing of effective tax rate by 3% & 7% respectively.
3. Corporate Tax- Tax Rate @ 25% on Companies with turnover of upto ₹ 400 Crores. This will cover 99.3 % companies.
4. Proposed to insert a new section 194M in the Act to provide for levy of TDS at the rate of five per cent. on the amount paid or credited in a year on account of contractual work or professional fees by an Individual or a Hindu undivided family, not required to deduct tax at source under section 194C and 194J of the Act, if such sum, or aggregate of such sums, exceeds fifty lakh rupees in a year. However, such individuals or HUFs shall be able to deposit the tax deducted using their PAN and shall not be required to obtain TAN.
5. Proposed to insert a new section 194N in the Act to provide for levy of TDS at the rate of two per cent on cash payments in excess of one crore rupees in aggregate made during the year, by a banking company or cooperative bank or post office, to any person from an account maintained by the recipient.
6. Gifts of any sum of money or property situated in India, made by a resident person in India to a person outside India (except the gift otherwise exempt) after 5<sup>th</sup> July 2019, shall be deemed to be accrue & arise in India.
7. TDS deducted u/s 194IA, extends the definition of consideration i.e. consideration shall include other charges in the nature of club membership fee, car parking fee, electricity and water facility fee, maintenance fee, advance fee or any other charges of similar nature which are incidental to the purchase of immovable property.

8. Proposed to file income tax return compulsory for the individuals, who-

- Deposit more than ₹ 1 crore in current Account in one year.
- Make expenditure of ₹ 2 lakh or more on foreign travel
- Make an expenditure of more than ₹ 1 lakh in a year on electricity Consumption
- Persons who enter into high value transactions also furnish return of income.
- Person whose income is not chargeable to tax due to claim of rollover benefit of capital gains.

9. TDS of 2% on cash withdrawal exceeding ₹ 1 crore per year from bank Account. It is also proposed that the Central Government may notify the persons to whom these provisions shall not be applicable in consultation with the Reserve Bank of India.
10. It is proposed to insert a new section so as to provide facility for prescribed low cost electronic modes of payment for those business enterprise whose annual turnover exceeds ₹ 50 crore. For ensuring compliance, a suitable penalty provision is also proposed to be inserted in the Act.
11. Additional Income tax deduction of an amount upto ₹ 1.5 lakh Interest on loan for e vehicles.
12. It is proposed to use PAN and Aadhar interchangeably for filing Income Tax Return.
13. It is proposed to conduct faceless assessment i.e. no interaction between assessee and assessing officer.
14. It is proposed to allow deduction under Section 80LA to a non-resident for the purpose of computing tax liability in respect of income of the nature of interest, dividend, tax etc. referred to in Section 115A

## CUSTOM RELATED PROPOSALS

1. Tariff rate of custom duty on construction material like Floor covering of plastics, Wall or ceiling coverings, Ceramic roofing tiles and ceramic flags and paving's, hearth or wall tiles has been increased from 10% to 15%.
2. Tariff rate of custom duty on following kinds of Precious metals has been increased from 10% to 12.5%
  - Silver (including silver plated with gold or platinum) unwrought or in semi-manufactured forms, or in powdered form
  - Base metals clad with silver,
  - Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form,
  - Base metals or silver, clad with gold, not further worked than semi-manufactured,
  - Platinum, unwrought or in semi-manufactured form, or in powder form
  - Base metals, silver or gold, clad with platinum, not further worked than semi manufactured
  - Waste and scrap of precious metals or of metal clad with precious metals.
  - Other waste and scrap containing precious metal compounds, of a kind used principally for the recovery of precious metal



3. Tariff rate of custom duty on Automobile parts like Friction material and articles thereof, Glass mirrors, whether or not framed, including rear-view mirrors, Locks of a kind used in motor vehicles, has been increased from 10% to 15% and on Oil or petrol filters for internal combustion engines, Intake air-filters for internal combustion engines, Air purifiers or cleaners and other filtering or purifying machinery and apparatus for gases has been increased from 7.5% to 10%.



4. Tariff rate of custom duty on Electronics and Electrical equipment like Indoor and outdoor unit of split –system air conditioner, has been increased from 10% to 20%, and on Loudspeaker, Optical Fibers, optical fiber bundles and cables has been increased from 10% to 15% and on CCTV camera and IP camera, Digital Video Recorder (DVR) and Network Video Recorder (NVR) has been increased from 15% to 20%.
5. Other proposed changes in basic custom duty:
  - Specified Defense equipment and their parts imported by the Ministry of Defense or the Armed Forces:- from applicable rates to Nil
  - Raw material, parts or accessories for use manufacture of artificial kidneys, disposable sterilized dialyzer and micro-barrier of artificial kidney:- from applicable rates to Nil
  - Cashew kernel broken and Cashew kernel whole, Cashew nuts shelled, others:- 70%
  - All forms of Uranium ores and Concentrates for generation of nuclear power (Uranium concentrate U3O8 already exempt):- from 2.5% to Nil
  - All goods for use in generation of Nuclear power (Certain goods such as sintered natural uranium dioxide already exempt):- from 7.5% to Nil
  - Palm stearin and other oils, having 20% or freer fatty acid, Palm Fatty Acid Distillate and other industrial monocarboxylic fatty acids, acid oils from refining, for use in manufacture of soap and oleo chemicals:- from nil to 7.5%.
  - Petroleum Crude:- from nil to 7Rs. 1 per ton
  - Naphtha:- from 5% to 4%
  - Ethylene dichloride (EDC):- from 2% to nil
  - Methyloxirane (Propylene Oxide):- 7.5% to 5%
  - Poly Vinyl Chloride from 7.5% to 10%
  - Articles of plastics from 10% to 15%
  - All goods i.e. Butyl Rubber:- from 5% to 10%
  - Chlorobutyl rubber or bromobutyl rubber:-from 5% to 10%
  - Newsprint, Uncoated paper used for printing of newspapers, Lightweight coated paper used for printing of magazines:- from nil to 10%;
  - Printed books (including covers for printed books) and printed manuals, in bound form or in loose-leaf form with binder, executed on paper or any other material including transparencies:- from nil to 5%
  - Wool Fibre:- from 5% to 2.5 %
  - Wool Tops:- from 5% to 2.5%
  - Marble Slabs:- from 20% to 40%
  - Raw materials used in manufacture of Preform of Silica:-
    - Refrigerated Helium Liquid (2804 29 10)
    - Silicon Tetra Chloride and Germanium Tetra Chloride
    - (2812 19 20, 2812)
    - Silica Rods (7002 20 90)
    - Silica Tube (7002 31 00):- Applicable Rate to Nil

- Water blocking tapes for manufacture of optical fiber cable from Nil to 20%
  - Silver dore bar, having silver content not exceeding 95%:- from 8.5% to 11%
  - Gold dore bar, having gold content not exceeding 95%:-from 9.35% to 11.85%
  - Gold (excluding ornaments studded with stones or pearls) imported by an eligible passenger as baggage, Silver (excluding ornaments studded with stones or pearls) imported by an eligible passenger as baggage from 10% 12.5%
  - Stainless steel in ingots or other primary forms; semi-finished products of stainless less from 5% to 7.5%
  - Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel from 5% to 7.5%
6. Inputs for the manufacture of CRGO steel:-
- MgO coated cold rolled steel coils
  - Hot rolled coils
  - Cold-rolled MgO coated and annealed steel
  - Hot rolled annealed and pickled coils
  - Cold rolled full hard:- from 5% to 2.5%
7. Amorphous alloy ribbon:- from 10% to 5%
8. Wire of other alloy steel (other than INVAR) 5% 7.5%
9. Cobalt mattes and other intermediate products of cobalt metallurgy 5 from 5% to 2.5%
10. Stone crushing (cone type) plants for the construction of roads from Nil to 7.5%
11. Capital goods used for manufacturing of following electronic items, namely-
- Populated PCBA
  - Camera module of cellular mobile phones
  - Charger/Adapter of cellular mobile phone
  - Lithium Ion Cell
  - Display Module
  - Set Top Box
12. Compact Camera Module:- From Applicable Rate to Nil Capital goods used for manufacturing of specified electronic items, namely- From Nil to Applicable
- Cathode Ray tubes;
  - CD/CD-R/DVD/DVD-R;
  - Deflection components, CRT monitors/CTVs;
  - Plasma Display Panel
13. Charger/Power adapter for CCTV camera/IP camera/DVR/NVR:- from Nil to 15%.
14. Specified electronic items like plugs, sockets, switches, connectors, relays:- From Nil to Applicable Rate
15. Catalytic convertor (All goods under these tariff items other than catalytic converters will continue at 7.5%):- from 5% to 10%
16. Completely Built Unit (CBU) of vehicles falling under heading From 25% to 30%

17. Following parts of electric vehicles: - Applicable rate to Nil
  - E-Drive assembly,
  - On board charger,
  - E-compressor and
  - Charging Gun
  
18. Providing option to pay BCD at transaction value on the disposal of goods, imported without payment of customs duty for petroleum operations / coal bed Methane operations where such disposal is made in unserviceable and mutilated condition:- from Applicable rate on depreciated value to 7.5% on Transaction value
19. Foam/EVA foam (39) and Pine Wood (4407) are being include in the list of items allowed duty free import upto 3% of FOB value of sports goods exported in the preceding financial year subject to specified conditions.
20. Proposals involving changes in export duty rates
  - EI tanned Leather:- from 15% to Nil
  - Hides, skins and leathers, tanned and untanned, all sorts:- from 60% to 40%;
  
21. Effective change in rate of Road and Infrastructure Cess on Petrol and Diesel from ₹ 8 per liter to rate 9 per liter on petrol and high speed diesel;
22. Notification No. 86/2018-Customs dated 31st December, 2018 has been amended retrospectively to exempt payment of IGST and compensation cess under section 3(7) and section 3(9) of the Customs Tariff Act, 1975 respectively, on the temporary importation of vehicles under the Customs Convention on the Temporary Importation of Private Road Vehicles for the period 1st July, 2017 to 31st December, 2018.



# GST RELATED PROPOSALS

1. Changes in the definition of adjudicating authority as per CGST act to exclude the National Appellate Authority for Advance Ruling
2. Changes in section 10 of CGST act to include sub section to bring an alternative composition scheme for supplier of services or mixed suppliers (not eligible for the earlier composition scheme) having an annual turnover in preceding financial year upto ₹ 50 lakhs.
3. Aadhaar authentication is being made mandatory for specified class of new taxpayers and the manner in which certain class of registered taxpayers are required to undergo Aadhaar authentication is being prescribed.
4. Amendment related to threshold limit for registration under GST act to increase the limit for taxpayers engaged in exclusive supply of goods, from ₹ 20 Lacs to ₹ 40 Lacs;
5. Amendment related to filing of annual return by Composition taxpayers and quarterly payment of taxes under the new return filing system.
6. Now the taxpayer will be able to move balance in electronic cash ledger from one head to other head.
7. Taxpayers shall pay interest on net cash liability, new sub section has been inserted to give effect to the same.

# **SERVICE TAX RELATED PROPOSALS**

1. Retrospective exemptions provided under Service tax:-
2. Services provided or agreed to be provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programs, except Executive Development Programme, -
  - two-year full time Post Graduate Programs in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT), conducted by Indian Institute of Management;
  - fellow programme in Management;
  - five year integrated programme in Management for during the period commencing from the 1<sup>st</sup> day of July, 2003 and ending with the 31<sup>st</sup> day of March, 2016.
3. Services provided or agreed to be provided by the State Govt by way of grant of liquor licence, against consideration in the form of licence fee or application fee, are proposed to be exempted from service tax for during the period commencing from 1<sup>st</sup> April, 2016 and ending with the 30<sup>th</sup> June, 2017.
4. Consideration paid in the form of upfront amount payable in respect of service, by way of granting of long term lease of thirty years or more, of plots for development of infrastructure for financial business, provided or agreed to be provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 50% or more ownership of Central Government, State Government, Union Territory to the developers in any industrial or financial business area, is proposed to be exempted from Service Tax for the period commencing from the 1<sup>st</sup> October, 2013 and ending with the 30<sup>th</sup> June, 2017.
5. A dispute resolution cum amnesty scheme called the Sabka Vishwas Legacy Dispute Resolution Scheme is being introduced for resolution and settlement of legacy cases of Central Excise and Service Tax.



# FINANCE & OTHER GENERAL PROPOSALS

## BENEFITS TO MSME

1. Payment platform for MSME to cut down time & loan amounting upto ₹ 1 crore For MSME will be disbursed within 59 minutes.
2. Under the interest subvention scheme, ₹ 350 crore allocation is proposed for 2% interest subvention to all GST registered MSMEs in the current year on all fresh and incremental loans.
3. New payment platform for MSMEs to be created FDI inflow in India.

## BENEFITS TO STARTUPS:

1. No Angle tax on Startups on submission of a declaration for exemption under Section 56(2)(viib)
2. It has been proposed to start an exclusive TV channel for startups under Doordarshan bouquet to provide a platform for startups to disseminate information in the industry.
3. In addition, special administrative arrangements shall be made by Central Board of Direct Taxes (CBDT) for pending assessments of startups and redressal of their grievances. It will be ensured that no inquiry or verification in such cases can be carried out by the Assessing Officer without obtaining approval of his supervisory officer.
4. It was also proposed to extend the period of exemption of capital gains arising from sale of residential house for investment in start-ups up to 31.3.2021 and relax certain conditions of this exemption.
5. Propose to relax some of the conditions for carry forward and set off of losses in the case of start-ups.

### Banks

- NPA over ₹ 1 Lakh Crore reduced in last year of commercial bank.
- An amount of ₹ 70,000 Crore was proposed for PSU Banks.

### Women Empowerment

- An overdraft of ₹ 5,000 will be allowed for every verified woman SHG member having a Jan Dhan account.
- One woman in every SHG shall be made eligible for a loan of 1 lakh rupees under MUDRA scheme.
- Women SHG Interest Subvention program in all districts.



## Education

1. There are 3 Indian colleges in global top 200 colleges.
2. India will become hub for higher education.
3. New policy to attract foreign students for higher education.
4. It is proposed to introduce new national education policy to improve schools & higher education.

## INFRASTRUCTURE

1. INR 50 Crore will be attributed towards Railway.
2. 30,000 Km road to built with Green tech
3. 1 Lakh km roads to be upgraded.
4. 9.6 Crore toilets have been constructed since Oct 2014.
5. Cities & Villages to be made better with technology.
6. Comprehensive restructuring of National Highways Programme will be done, to ensure the creation of National Highways Grid of desirable capacity.

## HOUSING

1. To promote rental modern tenant law to be formulized Completion of houses for poor in 114 days.
2. Approx. ₹ 1.95 Crore houses for poor by 2022.
3. 81 Lakh houses have been sanctioned under Pradhan Mantri Awas yojana.
4. An amount of ₹ 100 Lakh Crore for housing infrastructure for over 5 years was proposed.
5. Regulation authority over housing finance sector to be returned from National Housing Bank to RBI.

## FOREIGN DIRECT INVESTMENT

1. It was proposed to make India more FDI attractive.
2. It was proposed to make 100% FDI in insurance intermediaries.
3. Local sourcing for FDI to be raised for brand retail.
4. FDI inflow remain robust.

## FARMERS

1. Farmers made self-sufficient in pulses.
2. Stress on Zero budget farming.
3. Steps to double farmer's income.
4. The government will invest widely in agricultural infrastructure and support private entrepreneurship in driving value addition to farmers produce and those from allied activities too, like bamboo, timber and also for generating renewable energy



## OTHER GENERAL HIGHLIGHTS

1. Pension benefit upto ₹ 3 Crore to retail traders having turnover upto ₹ 1.5 Crore per annum under Pradhan Mantri Karamyogi Maandhan Scheme.
2. India needs investment upto ₹ 20 Crore Per year.
3. India has been emerged as more space power.
4. Foreign investment portfolio for NRIs
5. Gaon, Garib & KISAN were major focus.
6. India to go commercial in space.
7. Electricity, cleaning, cooking, all villages to have clean cooking facilities.
8. Ease of business & living must apply.
9. Water for all Indians is a priority for us (Har ghar jal for all villagers by 2020)
10. SEBI to raise public shareholding in listed firms to 35%
11. Gandhipedia, a repository of information about the life and works of Mahatma Gandhi. The repository would be accessible to all and will serve the purpose of educating and sensitizing the youth about Gandhi.
12. Rapid urbanization is not to be taken as challenge.
13. National research foundation to be set up.
14. India will be Open defecation free by Oct,2 of this year.
15. Providing Non Resident Indians to seamless access to Indian equity
16. It was proposed to streamline multiple labour law.
17. Will expand women scheme Program.
18. 35Crore LED bulb distributed under Ujjwala yojna.
19. Promoting use of solar stoves.
20. Strategic disinvestment for AIR INDIA
21. Disinvestment target of ₹ 1,05,000 Crore.
22. Domestic credit card growth risen by 13%
23. Mantra of Modi Sarkar: Reform, Perform and Transform
24. Number of Patents issued Tripled since 2014
25. Economy of 5 Trillion US Dollar in few years
26. Emphasis on Inland Cargo
27. 1 Nation 1 Grid Power for affordable Power to States
28. Proposal of Social Stock Exchange for listing of Social and Charitable organizations
29. STT change in case of Options
30. More than 7 crore LPG Connection was provided.
31. 80 Livelihood business incubators and 20 technology business incubators to be set up in 2019-20 under ASPIRE to develop 75,000 skilled entrepreneurs in agro-rural industries.
32. Pension of ₹ 3000/ month for unorganized sector workers.
33. Existing KYC norms for FPIs(Foreign portfolio investor) to be rationalized and simplified to make it more investor-friendly.
34. Open Indian Embassies & consulates. Government to open embassies in countries where India doesn't have a resident diplomatic mission as yet.

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